

# BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

THE CONDITION OF BUSINESS 23

STRATEGY ON THE GOLD FRONT E. E. AGGER 25

INVESTMENT HELP FROM THE CITY E. SHERMAN ADAMS 28

20 ANSWERS ON WAGES AND HOURS D. J. NEEDHAM 31



PROSPECTING FOR A GOLD SOLUTION PAUL F. CADMAN 39

PICTURES OF THE MONTH 41

SIMPLIFIED FORMS (BOOKKEEPING) 49



ORGANIZATION 81

JUNE 1940

PEOPLE YOU KNOW . . REAL ESTATE AND AGRICULTURAL CREDITS  
BANKER-FARMER COOPERATION . . TAXATION . . LEGAL ANSWERS  
EQUIPMENT AND SERVICES . . INVESTMENTS . . EMPLOYEE TRAINING



**L**AST year, The Todd Company issued a booklet, "Two Dozen Ways To Make Friends For A Bank." Since it presented new, workable suggestions on public relations, the first edition was exhausted soon after its announcement. The second went the same way.

So we have published a sequel. It contains more of the practical ideas which were welcomed so warmly—easily adaptable to your institution; and only two of the suggestions refer in any way to Todd products.

May we send you a copy, without cost?



For more than forty years, Todd bank account protection has helped bankers to create and hold customer friendships. Todd Super-Safety checks, Protod-Greenbac drafts, Protectographs and Check Signers—with their exclusive safety features—render you the same service.

ROCHESTER, NEW YORK • OFFICES IN ALL PRINCIPAL CITIES



# IT TAKES THREE KINDS OF MONEY TO BUY PEACE OF MIND



**T**O MEET the problems that come in time to every man... to enjoy true peace of mind... you need, not one, but really three kinds of money.

For emergencies such as illness or accident, a man needs a kind of money that he can use immediately—money in the bank.

The protection of his family calls for yet another kind of money... money that is always ready to come to the support of his wife and children should he die.

The great need for these two kinds of money is well recognized. One out of every 3 families in the country has a savings account. One out of every 2 has life insurance.

But an ever-increasing number of people realize there is a need for a third kind of money. This is money that will be accumulated, step-by-step, during the years of greatest earning power, to provide a substantial sum for declining years.

This third kind of money may determine whether old age will be a time of security and comfort—or regret. It is the kind of money every man must provide for himself—and for his family—if he is to enjoy true peace of mind.

## \*\*\* The First Step \*\*\*

If you make a regular and adequate income, yet still find yourself unable to accumulate money, the first step is to find out where your money goes. Keeping a record of what you spend is essential if you want to make the most of your income.

To help you take this first, important step, Investors Syndicate offers, without obligation, a booklet, "Living" Expenses... a simple, easy way to find out where your money goes. This is not a budget book. For your copy, mail the coupon immediately to Investors Syndicate. Enclose 10c in coin or stamps to cover handling and postage. Do it now!

Home Office, Minneapolis, Minn. Affiliates: Investors Syndicate Title & Guaranty Co., New York; Investors Syndicate, Limited, Canada.

## INVESTORS SYNDICATE

*Living Protection... Estab. 1894*



INVESTORS SYNDICATE  
Dept. B-60, Minneapolis, Minn.

Please send me your new booklet "Living" Expenses.  
Enclosed is 10c to cover cost of handling and mailing.

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_

This advertisement is typical in character of a series sponsored by Investors Syndicate and now appearing in national magazines.



## JUST A MINUTE—Continued

City Bankers by the National Bureau of Economic Research.

The report, by Dr. JOHN M. CHAPMAN, and associates, is published under the title *Commercial Banks and Installment Consumer Credit*. Mr. LORENZ finds in it "facts of historic importance and great value", presented objectively; expressions of opinion of policy are omitted.

## 20 Questions, 20 Answers

IF YOU'RE A banker, you'll find that one of the most informative and useable articles in this month's *BANKING* is D. J. NEEDHAM's question and answer exposition of the Wage and Hour Act as it applies to banks.

Mr. NEEDHAM, General Counsel of the American Bankers Association, makes an authoritative, non-technical presentation—the sort of thing that is clipped and put aside for reference.

The 20 questions about the Act, with their clearly stated answers, await you on pages 31 and 32.

## Decorative BANKING

TAKING A TOOT at our own horn, we beg to announce that a picture in the September 1939 issue of *BANKING* is to help decorate the Bank of Kodiak.

(Geography and maps are perishable commodities these days, but Kodiak is still in Alaska.)

The bank opened early in March and O. A. TORGERSON, president and cashier, wrote that he would like another copy of the *BANKING* that contained the facsimile of the draft issued by the

United States Government to Russia (old style) in payment for Alaska.

"It is worthy of being framed and hung in our banking room," said Mr. TORGERSON.

By the grace of the postoffice, perhaps it hangs there now.

## Now You Tell One—for \$2

WHEN WE SENT MR. MACGREGOR's jokes (page 38) to the printer we hardly expected that that worthy gentleman would be so overcome with mirth that he couldn't set the copy.

He wasn't.

And when we read the jokes in proof we fell to wondering whether our readers would like a chance to amend this compilation. The decision was affirmative, so—

Every joke about bankers that *BANKING* can use will be worth \$2 to the reader who sends it in.

Here's a tip: Don't bother with the one about the ice-watery veins, or the glass eye. And don't be *too* funny.

Perhaps we might add: The Editorial Committee reserves the ancient editorial prerogative of saying "No." Address the Jokes Editor, *BANKING*, 22 East 40th Street, New York, N. Y.

## P.S.

GETTING BACK TO MR. MACGREGOR, it should be pointed out that he didn't try to compile the *best* jokes. He merely listed some of the basic ones—if jokes can be that way.

Where he got 'em is anybody's guess and Mr. MACGREGOR's secret.

(CONTINUED ON PAGE 5)

"Thanks for making me wait, I sold your secretary an annuity"



## SPECIALISTS IN

## UNITED STATES GOVERNMENT SECURITIES

GUARANTEED ISSUES  
FEDERAL LAND BANK  
OTHER AGENCY ISSUES  
TERRITORIAL AND  
MUNICIPAL BONDS

## C. J. DEVINE & CO.

INC.

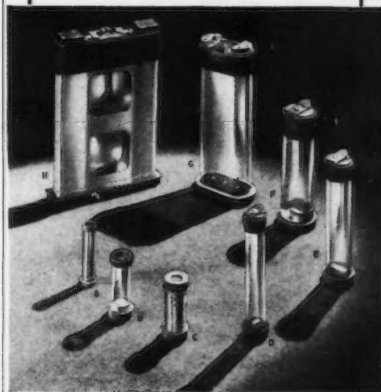
48 WALL STREET, NEW YORK

HAnover 2-2727

CHICAGO • BOSTON • PHILADELPHIA  
CINCINNATI • ST. LOUIS • SAN FRANCISCO

Direct Wires to all Offices

## Checks, Collateral, or Pass Books . . .



## There's a Lamson-Tube Carrier for Every Bank Requirement

Lamson Dispatch Tubes are made in sizes to meet every banking or business requirement. Small 1 1/4" diameter tubes whisk checks from tellers' cages to the bookkeepers. The 4" x 7" oval carrier is preferred for pass books, while the giant 3 1/2" x 12" carriers will handle stock certificates, bonds, or collateral papers, complete letter files or other bulky papers without folding.

A nearby resident Lamson engineer will be glad to make a survey of your problem without cost to you.

Just write

THE LAMSON COMPANY, INC.

Syracuse, N. Y.

World's largest makers of  
Pneumatic Tube Systems

# When father painted the parlor



*"WHEN Father painted the parlor it cost only twice as much as Mr. Brown, the painter, asked—that is, not counting Father's time. There were the cleaning bills for the rugs, refinishing for the floor, the X-ray for Father's elbow (when he fell off the ladder), and then we never knew there were so many different shades of white... and Mother hired Mr. Brown to do it all over again."*

A short short story is told here that's familiar to every retail paint dealer, and every experienced contracting painter and decorator. Each man to his trade, and the paint industry today offers so many new and varied products and services that it rarely pays for the amateur to undertake important jobs—interior or exterior.

And when the experienced contractor, distributor or paint retailer needs insurance of any type he does not just say, "\$50 worth of insurance, please." Because he realizes the necessary part played by on-the-spot service in modern distribution, he asks for and gets the advice and full services of a capable purchasing agent in the complex insurance field, like himself an expert middleman. No worries about uncovered risks that might wreck a business.

\* \* \*

Because we believe so thoroughly in the services of an expert middleman, whether contracting painter, retail paint dealer, insurance agent or broker, we refuse to accept business direct because it is not in the interest of the Company or the assured to do so. When *you* buy National Surety Fidelity Bonds, Surety Bonds Burglary or Forgery Insurance through your local insurance agent or broker, you deal with a customer and friend who is a fellow member and supporter of the American Business System.

---

● This is a reprint of an advertisement of a stock-insurance company directed to the independent business men in the painting field in your city.

The commercial bank, like the contracting painter or paint retailer, is a middleman. Its customers and its directors are chiefly independent business men—representative of the American Business System.

---

## NATIONAL SURETY CORPORATION

VINCENT CULLEN, President

Boston Common and Boston, Convention city of the American Institute of Banking



FAIRCHILD

## JUST A MINUTE—Continued

### June, Bankers and Rutgers

AT A TIME when most colleges have called it a year, The Graduate School of Banking is just going to work. As chronicled elsewhere in this issue, during the last fortnight in June nearly 700 bank officers from many states will be attending the classes and seminars of this unique educational institution which the American Bankers Association conducts at Rutgers.

BANKING has always been proud that it published the first story about the School. In the February 1935 issue, the late JOHN H. PUELICHER, writing as chairman of the Association's Public Education Commission, outlined the purposes and methods of this venture into new fields of adult education. Summing up, he said:

"The School represents an approach to the problems of banking in a broad educational manner, emphasizing the social and economic implications of banking. This is not to be a mere training program."

And it isn't, as more than a thousand alumni and students know.

The School comes to another commencement with the best wishes of bankers and educators everywhere.

### Customer Relations at Work

JOURNEYING TO BRIDGEPORT, Connecticut, not long ago, this department got itself into conversation with a General Electric man. Quite naturally, there was talk about furnaces, and lighting, and kitchens that do everything to food but eat it. Quite naturally, also, there was talk about banks.

"By the way," said Mr. G. E., "I know a bank. . . ."

And then he went on to tell about his

experiences with a New York savings institution that had pleased him greatly with its friendliness.

Here was customer relations come home to roost, and we asked some questions. It developed that Mr. G. E. had been so impressed by the bank's courtesy and consideration that he had been moved to write the president a letter. Yes, BANKING could see the letter, and print it, too, if it was worth printing.

### Here It Is

WELL, IT WAS quite a letter, notwithstanding the fact that in a couple of places Mr. G. E. seemed to have borne down a bit too heavily on banks in general. On the whole, however, it was the kind of letter that clinches the case for customer relations.

Dear Sir,

A form note that reached my desk invites criticism of your bank. Well, it's your neck that's out!

I shall begin by stating that I do not believe you know very much about how to run a bank. At least, you don't seem to pattern your running after theories accepted by some banks.

This belief started the first day I had anything to do with your bank. The person who interviewed me started off on the wrong foot by being courteous. He didn't even bat an eye when he discovered that all I wanted was to open a five-dollar account. He gave me every consideration, offered me the entire services of the bank, and dismissed me graciously.

This same inattention to modern banking practices has arisen every time I cash my pay check. Your tellers are human beings, not uniformed grouches. They smile while I am at the window; they move swiftly and with confidence through their routine; and they send me off with my check broken up into bills.



● If a check bearing a questionable signature is presented for payment, do you know instantly the name of the person to whom it was originally given? You can if it was *safety numbered*, because you have a *signed receipt* in your files.

If a "no account" check comes in written on a form regularly used by merchants for the convenience of their customers, can you tell which merchant had originally received it? You can if his name is printed on the payee line.

Can a person cash one of your Counter Checks outside the bank? He can't if you use a non-negotiable form.

Do the majority of your personal accounts use imprinted checks? If not, they can do so under our Group Order Plan at extremely low prices.

These four safety measures in your bank would indeed give you perfect control of your checks. Write us for complete information.

**De LUXE**  
CHECK PRINTERS  
Lithographers and Printers

Plants at  
NEW YORK CLEVELAND CHICAGO  
KANSAS CITY ST. PAUL



## Our Scientific System Solves Banks' PROPERTY MANAGEMENT PROBLEMS

This proven service is a great aid in property management, surveys, appraisal and analysis of real estate investments and mortgages in the states of Alabama, Arkansas, Georgia, Iowa, Kansas, Mississippi, Minnesota, North Dakota, Nebraska, Oklahoma, South Carolina, Texas and Tennessee.

A competent, well trained field organization and adequate branch offices have a successful record in the managing and liquidation of real estate investments for banks and insurance companies.

Write for client list and details

# UNITED

Service and Research

INCORPORATED

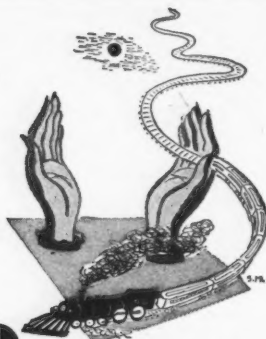
Realtors

81 Madison Bldg., Memphis, Tenn.

Offices: Terminal Bldg., Oklahoma City, Okla.

Metropolitan Bank Bldg., Minneapolis, Minn.

Buhl Building, Detroit, Mich.



## DOUBLY HANDY

Opening through its own passageway directly into Grand Central Terminal, the Hotel Roosevelt offers you perfect convenience on your arrival in New York . . . And because of its location at the heart of Manhattan's great mid-town section, it affords the same kind of convenience for all outside activities . . . Doubly handy and doubly enjoyable . . . Large outside rooms, with both tub and shower—\$4.50 up.

## HOTEL ROOSEVELT

BERNAM G. HINES, Managing Director

MADISON AVE. AT 45th ST., N. Y. C.

Direct Entrance from Grand Central Terminal



Notice! There  
are Blackfeet  
on page 27!

of a size that makes future dispensation easy.

One of them one day committed the heinous crime of dropping everything and throwing a collection of mixed coins into the maw of a contraption that quickly separated them into tabulated groups of similar coins—all this just because I had paused a moment to look at it through one of your thick glass walls.

This teller said he was *glad* of the chance to show it to me. Now, I ask you, is this the way to run a bank?

I shall shortly have to withdraw my meagre account from your coffers. Reason: transfer to Bridgeport. When this necessity arises, I know that the teller will take my book, pull sheets out of here and shove them in there, and in the punching of the necessary machinery he will by no physical means indicate his disgust with these nuisance accounts. His every gesture will show only an honest disappointment that he and his bank can no longer be of service to me—even though I brought them no profit.

This unusual method of operating a bank should, I feel, be brought to the attention of your directors. Your associates are missing several opportunities to make your small depositor feel embarrassed and unnecessary. They are entirely overlooking the fact that the very presence of his account costs them money. They have apparently determined to be oblivious of the fact that a New Yorker never gets, nor expects, courteous treatment. And they are out-doing themselves in efforts to surprise him.

I tell you these things, sir, just in case you should care to take some action in the matter. If you consider this advisable, I suggest a very private word of appreciation to each of your underdogs who is doing his part to lift his bank out of the tradition of stiffness and ill-mannered superciliousness that is so prevalent inside similar institutions today.

### In a Glass House

IN AN EDITORIAL entitled "Glass Houses", the Clinton (Iowa) *Herald*

# 1<sup>st</sup>

NATIONAL  
BANK

## — in St. Louis

(Reg. U. S. Pat. Off.)

The personnel, facilities,  
resources and experi-  
ence to serve the pres-  
ent-day requirements  
of mutually satisfactory  
correspondent relation-  
ships. Banks that are  
not using our services  
are cordially invited  
to get in touch with us.

## FIRST NATIONAL BANK

### IN ST. LOUIS

Broadway • Locust • Olive

Member Federal Deposit  
Insurance Corporation

recently said some pleasant things about banking. It is a service industry, wrote the editor, and like other service industries is stringently regulated. Bankers, on the whole, "are good substantial citizens, anxious to encourage community growth and prosperity, and fully conscious of the fact that they will succeed or fail with their community."

"Banking", concluded the comment, "is a difficult business. It is one business that literally lives in a glass house. Most of us will never love our banker—loans must be paid to protect a bank's depositors, who are also borrowers. But

(CONTINUED ON PAGE 8)



"Unforeseen events . . . need not change and shape the course of man's affairs"



## MEMORIES...

The pennants may be taken down . . . the furniture moved about . . . but nothing will ever destroy, in the memories of two people, the recollection of this room as it once was.

The boy who used it will return from no distant port . . . for he never ran away. He will come back with no fortune made . . . for he left to make none. He left to try out a new fielder's glove . . . *and he ran into the street to catch a ball.*

It isn't to our credit as mature citizens of a civilized country that more than 3,000 youngsters will die beneath

automobile wheels this year. We of The Maryland, both as individuals and as an organization, are pledged to help reduce the traffic toll. By safety work and with messages such as this we are achieving a measure of success.

Can we count on *your* help? It requires no sacrifice of time, no cash outlay. Just *drive carefully* . . . keep your hands on the wheel, your eyes on the road and your mind on the alert. Your care may keep a little face from becoming just a memory. Maryland Casualty Company, Baltimore.

## THE MARYLAND

*The Maryland writes more than 60 forms of Casualty Insurance and Surety Bonds. Over 10,000 Maryland Casualty agents and brokers can help you obtain protection against unforeseen events in business, industry and the home.*

**I**N the trying days of the early thirties some one said that most bank management problems could be explained in four words: "Depositors go; borrowers stay".

But what may be said of bank operation at this time, when borrowers are rare and depositors' funds are at an all-time high?

Efficiency and low cost service can be and usually are as important factors in success as sound investments and high rates.

... THE ...

## **PHILADELPHIA NATIONAL BANK**

ORGANIZED 1803

PHILADELPHIA, PA.

**Capital, Surplus and Undivided Profits**

**\$42,000,000**

*Member of Federal Deposit Insurance Corporation*

### **JUST A MINUTE—Continued**

the banker has earned our respect. Heaven forbid that he ever be replaced by publicly owned banking and political money jugglers."

### **A Symbol of Friendliness**

THERE'S ANOTHER STORY about the Bank of Kodiak. When the organizers were planning their building they had the happy idea of putting a fireplace in the lobby. Mr. TORGERSON told about it in the letter mentioned above.

"It seems to impart a cordiality which nothing else can supply," he said. "Many bring in their friends to see it and we have provided a settee which may be drawn up in front of the fireplace."



*Hospitality in Kodiak*

"People often exclaim, 'I have never heard of such a thing as a fireplace in a bank!' My usual response is 'Neither have I; but don't you think it a good idea?'"

Soon the head of a Kodiak bear, the bank's symbol, will be mounted over the fireplace.

### **Question from Connecticut**

FROM WILLIAM M. HOTCHKISS, president of a real estate and insurance organization in New Haven, Connecticut, comes this question:

"Isn't there some way in which the banking fraternity may be psychologically brought around to forget past pain and develop enough optimism to give real estate the boost which it needs to return to full strength and vigor?"

And then Mr. Hotchkiss goes on to say:

Some years ago a gentleman connected with one of our large life insurance companies

(CONTINUED ON PAGE 10)

# NEW NCR CENTRAL CONTROL AND PROOF MACHINE with AUTOMATIC ERROR-DETECTION AND MULTIPLE TAPES

... simplifies proof work

... speeds up production

... reduces operating expense



THE new Central Control and Proof Machine compiles all proof figures at the source ... mechanically proves the total of every deposit, incoming letter, and clearing list ... detects errors automatically and enforces their correction ... flashes light to direct sorting of items into compartments ... permits easy removal of items from sorting rack at any time ... accumulates twenty separate distribution totals which are available at all times ... has standard, flexible 81-key amount keyboard ... prints complete item identification on master tape ... prints amounts on seven individual classification tapes which saves

relisting items ... provides float analysis from master tape ... automatically prints date and complete identification on deposit tickets ... machine-printed figures on department slip (either sub-totals or totals) facilitate balancing ... allows smooth flow of work to all departments ... counts items by classifications ... prints A.B.A., block, or other descriptive numbers ... proved control figures immediately available at the end of the day's run for final balancing of all departments.

See our local representative for further information, or, if you prefer, write us direct.

## The National Cash Register Company

DAYTON, OHIO

Cash Registers • Bank-Bookkeeping Machines • Posting Machines  
Typewriting-Bookkeeping Machines • Postage Meter Machines



Check-Writing and Signing Machines • Analysis Machines  
Accounting Machine Desks • Correct Posture Chairs

# COMMERCIAL INVESTMENT TRUST INCORPORATED



COMMERCIAL INVESTMENT TRUST Incorporated, with capital and surplus in excess of \$56,000,000, provides a nation-wide sales finance service through subsidiary companies with a network of branch offices throughout the United States. This service, which consists of purchasing self-liquidating accounts, extends to automobile dealers, household appliance dealers, and to manufacturers and dealers in many lines of industrial, commercial and professional equipment, including the heavy goods industries.

C. I. T. offers its standard notes for short term accommodation in varying amounts from \$1,000 to \$100,000, in maturities from 60 to 270 days and at current discount rates. These notes are payable at any of our 285 depository banks located in principal cities throughout the country.

*Latest published financial statement and list of depository banks will be mailed upon request.*

**ADDRESS**  
**Treasurer,**  
**Commercial Investment**  
**Trust Incorporated**  
**1 Park Ave., New York, N. Y.**



"Sure someone wrote my homework. . . If I'm gonna grow up an' be President, someone's gonna write my speeches, ain't they?"

## JUST A MINUTE—Continued

nies, which at that time was having numerous foreclosures every day, said to me: "No, we aren't alarmed. Unless this panic is different from all others, some day it will be over and when it is, real estate will begin to sell. I have no doubt that when the smoke clears away we will make money on our foreclosed properties. This isn't the first panic our company has been through. We have been through several and in every case we have made handsome profits on our foreclosed properties."

If the bankers as a whole would take that attitude and not convey the impression that all is lost, they would soon find themselves raising the morale of John Public, which would produce more activity and eventually higher prices. The bankers can't do this alone, but perhaps they can lead the way along with others. Every boost from every source is helpful.

## Birthday Cakes

¶ For THE FIRST AND MERCHANTS NATIONAL BANK of Richmond, Virginia, which celebrated its 75th anniversary on April 24. The predecessor institution, the First National Bank of Richmond, was formed shortly after the evacuation of Richmond. The bank is now constructing a \$400,000 addition to its building.

¶ For the HOUGHTON (Michigan) NATIONAL BANK, also 75 years old this

year. On April 18, 1865, the bank received the first national bank charter granted in Michigan's "copper country" and it celebrated the anniversary by issuing a booklet about its history.

¶ For THE NATIONAL CITY BANK OF CLEVELAND, 95 years old on May 17. Organized as The City Bank in 1845, the institution got a national charter in 1865 and took its present name. Directors, officers and employees observed the recent birthday with a banquet and entertainment.

¶ For the FIRST NATIONAL BANK OF GEORGETOWN, Texas, which observed its Golden Anniversary on April 30. The *Williamson County Sun* took note of the occasion by publishing a long story of the bank's career.

¶ For ALBERT JOURNEY, our Heard Along Main Street reporter, who, we are reminded by PRESTON E. REED, executive vice-president of the Financial Advertisers Association, rounds out 25 years of service to banks this June. Mr. JOURNEY is vice-president of the Purse Company, trust advertising specialists.



# Dig Deep FOR INSURANCE FACTS

The more questions fire insurance buyers ask, the better IRM representatives like it, for the more closely IRM protection is scrutinized, the greater is the likelihood of its adoption.

*When our representative says:*

... that frequent and regular inspections of your property by IRM fire-prevention engineers lessen the risk of fire and its accompanying losses . . .

... that losses are settled promptly when they occur . . .

... that policyholders have received a 25% return of their premiums annually since the founding of this group . . .

he will be glad to substantiate his statements with actual facts from the record.

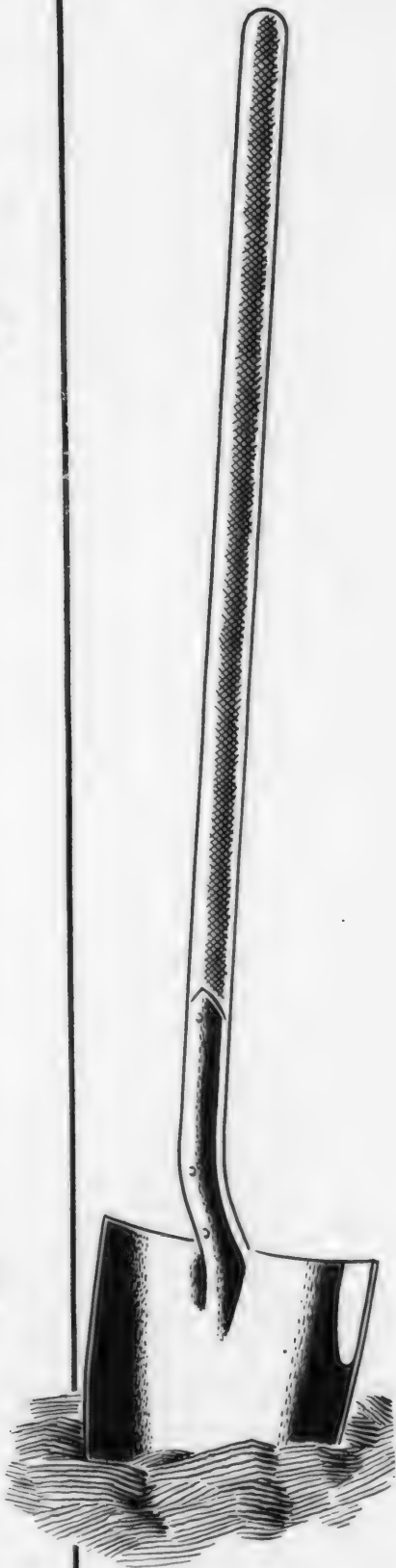
Send for the booklet describing practical ways in which IRM can benefit you. You will find that the contents repay careful examination; we believe you will want to verify the facts — and *then* decide where to place your insurance to *your own* advantage.

## IMPROVED RISK MUTUALS

60 JOHN STREET, NEW YORK



A nation-wide organization of old established, standard reserve companies writing the following types of insurance: Fire • Sprinkler Leakage • Use and Occupancy • Tornado and Windstorm • Earthquake • Rents • Commissions and Profits • Riot and Civil Commotion • Inland Marine



# A NEW MODEL INTERNATIONAL PROOF MACHINE

*to meet the needs of smaller banks*

Small and medium-sized banks may now enjoy the same modern facilities for handling check department operations as already employed by hundreds of large banking institutions throughout the country...

This new Proof Machine performs the same functions of check-sorting, -listing, -proving, and -endorsing as the previous model. The only difference is that it has but *twelve* classification sorting keys, sorting pockets, and classification adding machines instead of the usual *twenty-four*. All other operating features remain the same.

Your bank...regardless of size...can profit through the increased efficiency and operating certainty made possible by International Proof Machines. Write or 'phone today for complete details.



## INTERNATIONAL BUSINESS MACHINES CORPORATION

World Headquarters Building  
590 MADISON AVENUE, NEW YORK, N. Y.



Branch Offices  
IN PRINCIPAL CITIES OF THE WORLD

BANKING

# WASHINGTON

## Foreign Investments in U.S.

**B**ECAUSE of the interest in the capital inflow from abroad and the recent act of Congress giving the Administration broader powers over foreign holdings here, BANKING asked Dr. Amos E. Taylor, chief of the Finance Division in the Commerce Department and associate member of the League of Nations Committee of Statistical Experts, to trace the history of foreign investments here. Dr. Taylor stated: "Foreigners have always had an important financial stake in the United States. A hundred years ago we hardly ever built a half-mile canal around a Connecticut river waterfall without going to London or Amsterdam for a hundred thousand dollars or more to do the job. Our rapid westward expansion during the 19th century and our parallel building of railroads depended, in its early stages, largely on foreign capital. With the development of large corporate enterprises, substantial shares found their way into the hands of European investors and the large dividend payments thereon stimulated the exportation of American agricultural and other products.

"A large part of the American railroad shares which British investors held

in 1914 passed back into our hands during the World War, and out of the proceeds foodstuffs and war materials were purchased here. Thus, the foreign stake in this country, more than half of which was British, fell during the war from about \$7,000,000,000 to less than half that amount.

"After the World War our corporate shares continued to be popular abroad, but since we no longer depended on foreign capital and since European savings had been consumed in large part by war financing, the foreign interest in American stocks did not repeat its earlier growth. It is true that during the prosperity years of 1935 and 1936 foreign holdings of our shares again showed a rapid increase. However, disturbed political and financial conditions abroad were in part responsible for this development. Most of the foreign capital which came here for safety accumulated in bank balances, but the ready market for many corporate shares attracted flight funds into stocks as well.

"Contrary to a rather widespread opinion, the percentage of individual American issues held today by foreigners is, in general, much smaller than in 1914. The post-World-War development of such industries as motors and utilities has widened the field of share enterprise and the percentage of indi-

vidual share issues held abroad is now relatively small.

"The present war is again bringing about a reduction in British and other holdings of our corporate shares. The British Treasury has on two occasions recently announced lists of specific stocks which are to be handed over so that their sale may provide dollars for war-time necessities."

Dr. Taylor has been the author of the Commerce Department's Balance-of-Payments reports since 1931.

## Meaning of "National Income"

"Just what is this thing called the national income?" BANKING asked Robert Nathan, chief of the National Income Division of the Department of Commerce.

"The dollar national income," replied the youthful economist, "is the net value of all that the nation produces. It depends upon the quantity of goods and services produced and upon the prices they bring. The changes from an 80-billion-dollar national income in 1929, the 40-billion-dollar income in 1932, and the 70 billions in 1939 become meaningful only when one recognizes price changes and translates dollar income into real income.

**TALK AND A DEMONSTRATION**—At top, the House Naval Affairs Committee in a session at which our much criticized defenses were studied. On Chairman Vinson's right is Ambassador (to Mexico) Daniels, World War Secretary of the Navy, who was a spectator for the day. At bottom, a test at Ft. Belvoir, Va., of the Garand and other rifles, the relative merits of which have been in dispute. The audience consists of members of the House and Senate Military and Appropriations Committees



HARRIS & EWING



INTERNATIONAL

for  
**Account Analysis**  
and many other uses



**MARCHANT**  
*Filet Speed* All Electric  
**CALCULATORS**

Where exact Account Analysis is standard practice, Marchants predominate.

MAY			
DAY	CES	DOLLAR DAY	BALANCE
1	7	2 4/10	3250
2			3250
3			2160
4			2160
5	3	500	3740
6			

27			4530
28	10	1140	5730
29			4570
30			4370
31			3120
31	31	1710	15620
AV. LED BAL. 2437			
LESS FLOAT 4888			
AV. COL. BAL. 2101			
LESS 1ST OF A. L. S. 8888			
BAL. FOR INVEST. 8888			
EARNINGS 4.44			
NO. OF DEPOSITS 6 241			
CHECKS DEP. 37 152			
CHECKS PAID 160 4.84			

**Investigate  
This  
Profit-Saving  
Analysis**

Given these—  
Dollar-Day Float  
and Dollar-Day  
Balance

the Marchant  
gives these, at  
rate of 120  
accounts per  
hour including  
time of copying  
to report.

**Profit by studying this Analysis**  
(Other methods also available)

1. Reserves calculated on Av. Led. Bal. or on Av. Col. Bal. at your option.
2. Avg. Float is Dollar-Day Float divided by 1/12 of 309 as Float is collectible only 309 days of average year.
3. Items "xxxx" are only useful in explaining form to customer, so fill in by inspection only when needed.

**MARCHANT CALCULATING MACHINE COMPANY**  
HOME OFFICE: OAKLAND, CALIFORNIA, U. S. A.  
Sole Agencies and Manufacturers' Service Stations  
Give Service Every Where

Gentlemen: B-6-40  
Without obligation, you may send us MARCHANT  
bulletins on ACCOUNT ANALYSIS.

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_



ACME



HARRIS & EWING

**U. S. CHAMBER OF COMMERCE**—Newly elected officers photographed in Washington: Front row, left to right, Vice-president B. C. Heacock (Caterpillar Tractor), President James S. Kemper (Lumbermens Mutual Casualty), Vice-president J. F. Owens (Oklahoma Gas & Electric); back row, left to right, Vice-president W. C. Mulendore; Treasurer Robert V. Fleming (Riggs National Bank, Washington, and former A.B.A. President); Chairman, Executive Board, J. W. O'Leary

**GOLD BOOTY**—At left, Senator Townsend of Delaware (at right in photo), author of a bill prohibiting Treasury purchase of gold seized by armed force. He is shown with Senator Lodge of Massachusetts

"Data on industrial sources of income show what the various industries contribute to the total—how they suffer in depression and how they participate in prosperity. 'Breakdowns' of the totals show how labor, capital and entrepreneurs respectively participate. National income may be broken down geographically, also. Monthly figures now published by the Commerce Department reflect short term fluctuations in general business activity.

"The knowledge of how we are getting along, what is wrong with the present operations of the economy, what might be done to bring about increased output, all require information on national income, how it is generated, by whom it is produced, how it is distributed and what leakages there may be in the income stream."

**Inflation Ahead?**

A recent news item from Nevada quoted Senator Key Pittman as thinking that increased mint activity will obviate the necessity of amending the statutory debt limit or imposing new taxes.

Addressing a home city meeting, the chairman of the Senate Foreign Relations Committee said: "It is inevitable that the Government will issue and circulate gold and silver coins to the extent of the present seigniorage. There is at least two billions of dollars

in gold that could be safely coined and circulated."

**Consumer Credit**

Secretary of Commerce Hopkins has made the following statement to BANKING regarding consumer credit data:

"The Credit Analysis Unit of the Bureau of Foreign and Domestic Commerce recently issued the first of a series of releases reporting loan operations of agencies in the consumer instalment credit field. This initial release presented monthly data on outstandings and consumer loan volume of industrial banking companies from 1929 to 1939.

"It is the objective of the Credit Analysis Unit to develop similar statistics on a monthly basis for other principal types of agencies lending to consumers on an instalment repayment basis.

"The cooperation of interested groups in the personal loan departments of commercial banks, personal finance companies and credit unions will be sought to obtain these statistics.

"When the work for cash lending agencies has been established, the Bureau of Foreign and Domestic Commerce will undertake preparation of current material on the instalment volume of retail establishments, supplementing data which the Bureau now presents annually in its *Retail Credit Survey*.

(CONTINUED ON PAGE 17)





**YOUR BANK**

# DIRECT SERVICE

offers these  
**5 ADVANTAGES**  
to the  
**Insurance Buyer**



**YOUR INSURANCE  
COMPANY**

Liberty Mutual and United Mutual serve their policyholders direct through full-time salaried representatives who staff their local offices in principal cities from coast to coast. This plan has five distinct advantages to your bank and its customers:

**FIRST**, you place undivided responsibility for proper coverages on the companies which protect you.

**SECOND**, because we were organized by and for insurance buyers, our representatives will look at your problems from your point of view. Their incentive is to serve you well and save you money.

**THIRD**, our selective underwriting policy results in fewer losses.

**FOURTH**, direct dealing costs less. These and other savings are returned in dividends to our policyholders. On all forms of casualty insurance these dividends have amounted to

20% of premiums through Liberty Mutual; and on fire insurance, from 20% to 35% of premiums through United Mutual.

**FIFTH**, if you have a loss, you get immediate action. You talk direct with us, leaving no chance for delays and misunderstandings.

More than 30,000 businesses and 200,000 individuals use this time-saving, sleep-saving, money-saving way to buy insurance. We should be glad to give you facts and figures, showing exactly what our service can do for your bank, also for many of your customers. Just write on your business letterhead to Liberty-United, 175 Berkeley Street, Boston, Massachusetts, or phone our local branch office.

**LIBERTY**  **MUTUAL**  
INSURANCE COMPANY

**UNITED**  **MUTUAL**  
FIRE INSURANCE COMPANY

Home Offices: 175 Berkeley Street, Boston. Offices in principal cities from coast to coast.

# PACIFIC GAS AND ELECTRIC COMPANY

SAN FRANCISCO, CALIFORNIA

The properties of the Company and its subsidiaries constitute an interconnected system, located entirely within the State of California and operated by a single management. For more than twenty-eight years operations have been subject to regulation by the California State Railroad Commission.

The Company operates electric generating plants having an installed capacity of 1,743,926 horsepower and is one of the largest producers and distributors of electricity in the United States. It also ranks

among the major distributors of natural gas in the country. On March 31, 1940, electric customers numbered 902,487, gas customers 638,155, and water and steam customers 12,227.

In the year ended March 31, 1940, 71.0% of operating revenues were derived from sales of electric energy, 27.8% from sales of gas, and 1.2% from minor activities. The well diversified character of the Company's business tends to stabilize earnings and also to permit of economical operation.

## SUMMARY OF CONSOLIDATED INCOME AND DIVIDENDS ON CAPITAL STOCKS

	12 Months to March 31, 1940	12 Months to March 31, 1939
Gross Revenue, including Miscellaneous Income	\$108,306,502	\$102,542,587
Operating Expenses, Taxes (except Federal income taxes) and Provision for Depreciation, Insurance, Casualties, Uncollectible Accounts and Pensions	64,701,802	62,083,756
Gross Income	\$ 43,604,700	\$ 40,458,831
Bond and Other Interest, Discount and Other Income Deductions	12,655,255	12,238,232
Net Income before Provision for Federal Income Tax	\$ 30,949,445	\$ 28,220,599
Provision for Federal Income Tax	4,917,285	4,464,396
Net Income to Surplus	\$ 26,032,160	\$ 23,756,203
Dividends of Subsidiaries on Capital Stocks held by Public, etc.	1,600	142,654
Remainder—Applicable to Pacific Gas and Electric Company	\$ 26,030,560	\$ 23,613,549
Dividends on Preferred Stock	7,909,821	7,758,827
Remainder—Applicable to Common Stock	\$ 18,120,739	\$ 15,854,722
Number of Full Shares of Common Stock outstanding at end of period	6,261,271	6,261,270
Earned per Share of Common Stock	\$2.89	\$2.53

## RECORD OF RECENT GROWTH

Year Ended Dec. 31	Gross Operating Revenue	Sales of Electricity K.W.H.	Sales of Gas Cubic Feet	Number of Stockholders
1932	\$ 85,058,617	2,932,003,000	34,594,302,000	95,483
1933	84,596,084	2,940,605,000	39,802,857,000	96,824
1934	87,555,480	3,269,116,000	41,074,683,000	96,225
1935	92,084,934	3,303,312,000	48,686,774,000	92,670
1936	95,333,336	3,696,378,000	53,439,510,000	90,263
1937	100,443,116	3,935,803,000	59,531,331,000	92,704
1938	101,424,595	3,906,866,000	62,477,013,000	95,985
1939	107,175,353	4,409,568,000	69,934,787,000	95,784

## BOARD OF DIRECTORS

JAMES B. BLACK, *San Francisco*  
 ALLEN L. CHICKERING, *San Francisco*  
 JOHN P. COGHLAN, *San Francisco*  
 W. W. CROCKER, *San Francisco*  
 P. M. DOWNING, *San Francisco*

JAMES F. FOGARTY, *New York*  
 D. H. FOOTE, *San Francisco*  
 HERBERT C. FREEMAN, *New York*  
 NORMAN B. LIVERMORE, *San Francisco*  
 CHAS. K. MCINTOSH, *San Francisco*

JOHN D. MCKEE, *San Francisco*  
 C. O. G. MILLER, *San Francisco*  
 HENRY D. NICHOLS, *San Francisco*  
 SILAS H. PALMER, *San Francisco*  
 A. EMORY WISHON, *San Francisco*

Copies of Annual Report may be obtained on application to D. H. Foote, Vice-President and Secretary-Treasurer, 245 Market Street, San Francisco, California

(CONTINUED FROM PAGE 14)

"The estimates in process of development on instalment lending of commercial banks, credit unions and personal finance companies should prove highly useful as indicators of trends for each individual type of business, as well as providing a means for comparison between closely related consumer lending operations.

"The Department of Commerce recognizes the growing importance of consumer credit in our economic system and the program to be conducted by the Credit Analysis Unit will serve to fill a wide gap in the present statistical services to business."

### Profit from Devaluation

The Treasury *Bulletin* for May 1940 gives some statistics to show what was done with the \$2,817,000,000 profit on the 1934 devaluation of the dollar. That \$2,000,000,000 was put aside as an Exchange Stabilization Fund is well known, but the disposal of the remainder is not.

Of approximately \$139,000,000 allotted to Federal Reserve banks for industrial loans, \$111,753,000 is still unexpended.

About \$2,175,000 was set aside to meet melting losses on gold coin, and of that sum \$335,000 still remains on hand.

About \$645,000,000 was applied to retirement of national bank notes and \$23,863,000 to the Philippine currency reserve. The sum of \$6,616,000 remains unassigned.

A. M. McLachlen, new president of the District of Columbia Bankers Association, is vice-president and treasurer of the McLachlen Banking Corp.



## GMAC

GENERAL MOTORS ACCEPTANCE CORPORATION

is engaged primarily in facilitating wholesale distribution and retail sales of the following products of General Motors Corporation and its world-wide affiliates: CADILLAC, LA SALLE, BUICK, OLDSMOBILE, PONTIAC, CHEVROLET automobiles; FRIGIDAIRE appliances for refrigeration and air conditioning; DELCO lighting, power and heating equipment; GMC trucks; BEDFORD, VAUXHALL, OPEL, BLITZ—

foreign made automotive vehicles.

The business consists of investments in self-liquidating credits, widely diversified as to region and enterprise, capital employed being in excess of \$80,000,000.

In obtaining short term accommodation, GMAC issues one standard form of note. This obligation it offers to banks and institutions, in convenient maturities and denominations at current discount rates.



These NOTES are available, in limited amounts, upon request.

EXECUTIVE OFFICE NEW YORK • BRANCHES IN PRINCIPAL CITIES

STEEL CHAIRS FOR OFFICES



### Smartly Styled

**H**ARTER STEEL CHAIRS for modern offices are noteworthy for their smooth flowing lines, for their ease and comfort and for their sturdiness.

Chairs in the Chevalier Suite, style leaders in the Harter Line, are by one of the country's leading designers. These are in harmony with the prevailing trend in office designing. The Chevalier is but one suite in a line of steel chairs notable for modern styling and enduring quality.

Harter Posture Chairs are also outstanding. There is indeed a Harter Steel Posture Chair for every type of seated work. Write for catalogs: The Harter Corporation, Sturgis, Michigan.

**HARTER**

Serving the  
Business that  
Builds Baltimore

SINCE 1894



**MARYLAND  
TRUST COMPANY  
BALTIMORE**

Member of the Federal Reserve  
System and of the Federal Deposit  
Insurance Corporation

# THE HOURS PROBLEM

A Collection of Seven  
Timely Magazine Articles  
Written by Bankers

THE HOURS PROBLEM . . . . .	Page 3
BRINGING GREATER FLEXIBILITY TO THE WORK WEEK . . . . .	Page 7
CYCLING CHECKING ACCOUNT STATEMENTS . . . . .	Page 8
PLANNING FOR THE WAGE AND HOUR LAW . . . . .	Page 12
MULTIPLE-COPY FORMS ARE TIME-SAVERS . . . . .	Page 15
MAKING SATURDAY A BANK HOLIDAY . . . . .	Page 20
PRESSING PROBLEMS IN BANK OPERATING . . . . .	Page 24

BURROUGHS ADDING MACHINE COMPANY  
Detroit, Michigan

A copy of this  
28-page booklet  
will be sent free  
to bank executives

Bankers currently considering the Hours Problem will find timely information and helpful suggestions in these articles recently published. A copy is yours for the asking. You may obtain it from your local Burroughs office, or, if you prefer, write direct to—  
BURROUGHS ADDING MACHINE CO., 6306 SECOND AVE., DETROIT, MICH.

## Today's Burroughs

DOES THE WORK IN LESS TIME—WITH LESS EFFORT—AT LESS COST



# War Books and Some Others

## Iron Rations

*How to Pay for the War.* By John Maynard Keynes. (Harcourt, Brace and Company, New York, \$1.)

THIS little book, an attention-getter in its own right, acquired more interest for Americans when Chairman Frank of the SEC, in his "academic discussion" before the Army Industrial College, outlined a war-financing plan for us which is based on the proposals here expounded by the eminent British Economist.

Briefly, the Keynes plan is for compulsory saving in wartime, curtailing purchasing power and putting every family on an income allowance. The resources thus created would become available to the government (British) as loans that would be repaid after the fighting. With elaborate and carefully developed argument to fit the British situation, Mr. Keynes shows how his admittedly radical plan should avoid inflation during a period of rising national income.

The deferred income, paid into a depository of the individual's own choosing, could most appropriately be released when the first post-war slump starts. Mr. Keynes also suggests some form of capital levy may come in handy after the war to provide the funds for discharging the government's obligation to those who have been on income rations.

There is no room here for details of the thesis which Mr. Keynes sketched last November in *The Times* of London. This book, a revision of those articles, is drawing wide comment at a time when the world wonders how it will pay for a new war that came before the economic consequences of the last one had been disposed of.

## Empire Banking

*Central Banking in the British Dominions.* By A. F. W. Plumptre. (University of Toronto Press, Toronto, \$4.)

PORTRAYING the "foreground and the background" of the Dominions' financial systems, this book was completed on the eve of the war. In a postscript to the preface, the author, who is associate professor of political economy at the University of Toronto, says it would be hasty—as it surely would—to toss the book aside in a belief that events since September had made it obsolete.

In some ways, he explains, the book is even more timely: "It shows what the last war did for the Dominions' financial systems; indeed, it shows how intimately the rise of central banking was associated with war-time emergencies and their aftermath; it shows the nature and the temper and the trends of state intervention in finance over a period of 20 years; it shows how far orthodox monetary controls have been introduced, and how far all these have been successful. Moreover, it may serve in the future by explaining and interpreting the nature of monetary affairs in the Dominions just before the Greater War which broke out in 1939."

Professor Plumptre emphasizes the heredity and environment of the banks and stresses the political nature of central banking. He considers the institutions in relation to their capital markets, and he studies their formative influences, their internal and international objects and operations. Their establishment, he finds, "marked a milestone in the growing independence of the Dominions, in their emergence to Dominion status in matters of finance."

## Administrative System

*Federal Regulatory Action and Control.* By Frederick F. Blachly and Miriam E. Oatman. (The Brookings Institution, Washington, D. C., \$3.)

THIS study explains features of the administrative system through which the economic policies of Congress are carried out; it also evaluates suggestions for improving that system without changing the Constitution.

The organization, legal status and relationships of the many agencies comprising the Federal administrative setup are considered, but the study raises no questions as to the wisdom of Congress in adopting certain economic policies and establishing the network of agencies through which government administers the law.

In considering reform of the present system, the book takes up three suggested courses: the "executive management doctrine", the "doctrine of the judicial formula", and "the revisionist doctrine." The authors believe in revision, making changes singly and slowly after careful study, so that every alteration fits into "the general plan of the constitutional, judicial and administrative system" which thus will not only be

left intact, but will be broadened and developed "to meet the expanding needs of a living democratic society."

Thought should be given, the authors believe, "to the establishment of a legislative court to act in final resort" upon situations in which interests other than constitutional rights are involved. This aspect of Federal regulation, however, should be thoroughly studied before such a court is authorized.

In this connection, the Walter-Logan bill, providing the United States Court of Appeals for Administration, "furnishes a sound basis for control over the large field of administrative action in respect to which cases or controversies may arise."

## Equilibrium

*This Unbalanced World.* By Elmer C. Bratt. (Harper, New York, \$2.50.)

THE associate professor of economics at Lehigh University says that the factors creating unbalance are "objective and discoverable" and that the solution is not to be found in controls undertaken in the belief that "if social evils were blotted out, stability would result." Moral forces are, of course, of transcendent importance, but they can't answer the stability riddle.

Surveying the conditions that lead to unbalance, and showing why equilibrium has evaded us, Mr. Bratt seeks a more rational approach to economic security. We should know more about the need for durable goods and shouldn't expect prices to effect the desired control over their production. We should pay greater attention to growth possibilities so that we can plan intelligently and make durable goods at fairly steady rates.

## Aviation

*The Aviation Business.* By Elsbeth E. Freudenthal. (Vanguard Press, New York, \$3.)

THIS first book on aviation as a business takes the airplane, as the subtitle has it, "from Kitty Hawk to Wall Street", telling the picturesque story of an industry from birth to a position of major service to the world. The author, a security analyst, points particularly to aviation's importance to government. It is imperative, she says, that it be "developed primarily for the good of the country, not as a financial toy."

## Briefer Mention

*Survey of American Listed Corporations.* Vols. I and II. (Securities and Exchange Commission, Washington, D. C.) The volumes present information, by industry groups, about companies having securities registered with the SEC on June 30, 1939. In addition to publishing figures for 1938, these books supplement separate reports in an earlier series, the "Census of American Listed Corporations."

*An Introduction to Corporate Accounting Standards.* By W. A. PATON and A. C. LITTLETON. (American Accounting Association, Chicago, \$1.) The authors' intention is "to build a framework within which a subsequent statement of corporate accounting standards could be erected." Accounting theory is viewed as a "coherent, coordinated, consistent body of doctrine which may be compactly expressed in the form of standards if desired." This monograph is really a supplement to "A Tentative Statement of Accounting Principles Underlying Corporate Financial Statements", published four years ago.

*Economic Engineering: The Master Way.* By HERMAN VAN POLEN. (Christopher Publishing House, Boston, \$1.25.) Here's a plan for putting production for public profit into one nationally chartered master corporation, and letting production for private profit remain in private concerns. The Government, controlling the master corporation, can raise or lower prices and "absorb or surrender to independent business a particular amount of business," for the benefit of private business and the people.

*A Price-Level Regulator.* By CARROLL M. SALLS. (Christopher Publishing House, Boston, \$1.) Dr. Salls thinks we're ready for "anti-inflation", or opposition to both inflation and deflation. "Social dividends created by national economic forces and paid directly to consumers over 60 years of age" would expand our markets when prices are on the downward trend; when they rise too much, "a mobile surtax progressively applied to lower income brackets" would check speculation.

*Meditations in Wall Street.* Anonymous. (William Morrow & Company, Inc., New York, \$1.50.) The publishers say they don't know the author's identity. But Albert Jay Nock, who does know, states in his introduction that the writer of these aphorisms on some 40 subjects is a New Englander whose business is in the New York financial

district. The book has flavor. And it has nothing whatever to do with Wall Street, except as that address provided a listening-thinking post for the compiler.

## Books Received

*The Contingent Liabilities of the English Commercial Banks.* By H. C. F. HOLGATE. (Gee & Company, London, 5s. 6d.) Part of a thesis on bank accounting.

*Business and the Public Library.* Edited by MARIAN C. MANLEY. (Special Libraries Association, New York, \$2.) Members of the Public Business Librarians Group record conclusions reached from experience in promoting business departments in libraries.

*Fool's Profits.* By ARUNDEL COTTER. (Barron's, New York, \$2.) An exposition of the "last-in-first-out" method of inventory accounting.

*Perish by the Sword.* By R. ERNEST DUPUY. (Military Service Publishing Co., Harrisburg, Pa., \$2.50.) The Czechoslovakian Anabasis; the Czechs' fight for liberty and our part therein, 1918-1920.

*They Were Not Afraid to Die.* By A. C. N. AZOY. (Military Service Publishing Co., Harrisburg, Pa., \$2.) A panorama of some of the more important scenes and events in the American Revolution.

*False Prophets of Peace.* By W. ARMIN LINN. (Military Service Publishing Co., Harrisburg, Pa., \$2.) An account of who and what caused our wars since we have been a nation.

*Soldiers in the Sun.* By WILLIAM THADDEUS SEXTON. (Military Service Publishing Co., Harrisburg, Pa., \$2.50.) A history of our Philippine War from 1898 to 1902. Illustrated with contemporary maps and photographs.

*How Strong Is Britain?* By C. E. COUNT PÜCKLER. (Veritas Press, New York, \$2.50.) A German journalist writing before war started, surveys the military and economic strength of the British Empire.

*An Outline of Corporation Finance.* By GILBERT HAROLD. (Barnes & Noble, New York, \$1.) Intended for students, this manual presents concisely the essentials of the subject. It is most useable, the author says, as a preliminary to reading the corresponding chapters in an assigned text.

*International Security.* By EDUARD BENEŠ, RUSHTON COULBORN and ARTHUR FIEDLER. (University of Chicago Press, Chicago, \$2.) Lectures

## "Shall I Be a Banker?"

IN the "Careers" series published by the Institute for Research, Chicago, *Banking as a Career* makes its appearance as a guide to young people seeking an answer to the "What shall I be?" problem. The development of banking, its history in the United States, how banks serve society, and other background material prepares the reader for the discussion of "bank jobs." Here the various departments of a bank are briefly surveyed and explained, with an indication of salary ranges for non-executive positions. Qualifications and training of bank employees, and hints on getting a job in a bank, are other subjects discussed.

on diplomatic maneuvers toward world peace which have had an important part in recent history.

*Prologue to Politics.* By CHARLES E. MERRIAM. (University of Chicago Press, Chicago, \$1.50.) The chairman of the university's political science department studies the tasks of politics and political processes.

*Social Control of Business.* By JOHN M. CLARK. (McGraw-Hill Book Co., New York, \$5.) The second edition of a text, first published in 1926, by the professor of economics at Columbia University who interprets modern business as a social institution and discusses, among many other things, government activities and the problems of business since 1930.

*Foreign Exchange.* By F. J. DOCKER. (P. S. King & Son, London, 15s.) Mr. Docker, author of *Douglas Delusions*, elucidates the whys and wherefores of his subject. The viewpoint, naturally, is British; the territory covered is extensive and exchange practices in many countries are touched on.

*Inflation and Revolution: Mexico's Experience of 1912-1917.* By EDWIN WALTER KEMMERER. (Princeton University Press, Princeton, N. J., \$2.50.) Our neighbor republic tried a little bit of everything, monetarily speaking, in the period covered by Dr. Kemmerer's title. Here he assembles the story of the currency experimentation that went with the régimes of seven Mexican presidents in half a dozen years. The book makes available a bit of history that has not been easily accessible.

JOHN L. COOLEY

BANKING

## DESIGNED TO FIT MODERN BANKING NEEDS



**T**HE experience of busy executives in modern banking and investment houses all over the country is ample demonstration that Dictaphone represents a sound investment in improved banking service.

This modern dictating machine is always ready for instant use. Credit reports, market and mortgage analyses, foreign communications, legal instruments, client interviews, inter-office memos, instructions and reports . . . all are immediately and accurately recorded on Dictaphone while important facts are fresh in mind.

The executive dictates alone and at his convenience, without requiring the presence of a secretary. She is free to perform real secretarial duties and may transcribe while he is dictating. Thus the progress of work flows smoothly, bottle necks are avoided, and prompt, dependable service is assured at all times.

Discover for yourself the advantages of Dictaphone. There's no obligation whatever. This modern dictating machine tells its own story most effectively under actual working conditions. Mail the coupon *today!*

### DICTATE TO DICTAPHONE

*Interviews, Inquiries and Phone Calls  
Ideas, Conferences and Contact Reports  
Cables, Telegrams and Teletypes  
Investment and Market Analyses  
Mortgages, Deeds and Appraisals  
Audits, Inventories and Tax Returns  
Applications and Credit Reports  
Purchases, Collections, Special Instructions  
Recommendations and Confirmations  
Interoffice and Interbranch Correspondence  
Data Compilation and Legal Instruments  
Trust and Corporate Transactions  
New Business and Public Relations*

### DICTAPHONE

DICTAPHONE CORPORATION,  
320 Lexington Avenue, New York City

In Canada — Dictaphone Corporation, Ltd., 86 Richmond Street,  
West, Toronto

☐ Please send me copy of your folder, "Getting Things Done in Banks and Trust Companies."

☐ I should like to see and try the new Dictaphone Cameo without obligation. B-6

Name.....

Company.....

Address.....

The word DICTAPHONE is the Registered Trade-Mark of Dictaphone Corporation, Makers of Dictating Machines and Accessories to which said Trade-Mark is Applied.



## *"Here's Why I Prefer to Lend Money on a House with CRANE HEATING—"*



"THERE'S a *double* advantage in a Crane heating system—both for the home buyer and for the mortgage lender.

"A Crane heating system, you see, gives better assurance of trouble-free, dependable operation because it's *completely* a Crane system.

"This means that Crane's responsibility backs *every part* of the system. It means that every part of the system will work harmoniously with the rest for perfect satisfaction . . . whether the system is automatic or hand-fired . . . steam, hot water or warm air . . . whether the fuel is coal, oil or gas."



This symbol identifies a Heating Contractor able to provide complete Crane Heating Service

In a Crane Heating System, one reliable source furnishes everything—heating plant, piping, radiators, valves, fittings, controls, stoker, oil or gas burner. And because

Crane offers every type of system, Crane can give you unbiased advice in choosing the right type for any particular home. That's an important consideration in assuring full value, both for the buyer and the mortgage lender.

Your Crane heating contractor offers a 4-way heating service that assures economical and trouble-free installation. Call at any Crane display room for full information about Crane *trouble-free* heating systems.



# CRANE

CRANE CO., GENERAL OFFICES  
836 S. MICHIGAN AVE., CHICAGO

VALVES • FITTINGS • PIPE  
PLUMBING • HEATING • PUMPS

NATION-WIDE SERVICE THROUGH BRANCHES, WHOLESALERS, PLUMBING AND HEATING CONTRACTORS



# The Condition of BUSINESS

**THE OUTLOOK.** The war is demonstrating how badly hampered our business machinery has been these last few years. Now that there is a real job to be done we find that the first step is to stop fooling with experiments loosely called reforms, particularly in the investment and labor relations fields.

Recovery, of course, has been an important objective right along and the same methods that will now be used to step up production and organize industry for defense would have worked out just as well and produced the same results last year or the year before.

At least a dozen fairly well defined trends affecting business are apparent in a situation that is otherwise quite a mixture of things. Almost all of the trends discernible point toward spending, debts, taxes and certainly some degree of inflation in the absence of iron-clad controls.

First, expenditures for national defense will be increased enormously and there will be no real opposition to spending as many billions as are needed to make the country impregnable.

2. The new spirit of war-bred national unity will deliver a *coup de grace* to the ghost of a once lively economy move.

3. The same condition will open the way to tax increases which could not have been put over as long as the money was being used largely for purposes much less defensible than national defense.

4. Political spending will proceed earnestly behind the lines and might even draw less criticism than it does at the moment.

5. We will become more and more convinced that the Allies must win and that our business prospects are increasingly bound up with the fortunes of England and France.

6. Political attacks on business will lose their popular appeal.

7. Fabian tactics will replace the blitzkrieg method by saboteurs of private enterprise who are presumably aware that war and rumors of war work on the side of the centralizers and the collectivist planners.

8. Business leaders will continue to recover their breath and their voices and the country will listen more carefully.

9. The inflationary price trend gaining momentum abroad will have an increasing influence here. The same general effect will result from our entry into world markets as a purchaser on a huge scale of certain supplies necessary to defense.

10. More ways will be found to furnish materials needed by the Allied nations.

11. Ways will be found to stimulate our export trade to peaceful areas in spite of the dearth of dollar exchange. Our own need for huge supplies of rubber, tin and other things purchased abroad will go far toward adjusting the balance of trade and solving the exchange problem.

12. The coming national election will lose quite a bit of its importance as a direct influence on business—simply through comparison with the more serious influences abroad.

**CROSS INDEX.** BANKING'S index of the general trend of business, obtained from a poll of 3,000 bank directors and bank presidents in all sections of the country, compared with the previous month, shows very little change.

Forty-two per cent of those polled for the purpose of this summary said that business was getting better, 41 per cent found conditions about static and 17 per cent reported a decline.

The month before, 44 per cent said that the direction was up, 37 per cent reported that their respective enterprises were holding their own, and 19 per cent reported an unfavorable trend.

The composite cross index figure this month stands at 71, compared with 70 last month.

**PRIVATE ENTERPRISE.** Certain questions are giving business particular concern at the moment and they are the same whether we are talking about business with a capital B or the corner grocery or filling station.

How long will it be, for example, until the average businessman can go ahead and mind his affairs without having the Government on his neck?

There is little doubt but that it will be a long time before investors can invest, buyers can buy, industries can plan, retailers can sell, workers can work and employers can hire, with that traditional freedom of initiative that has been part and parcel of all recoveries in our history.

**PRICES, GOLD AND PROFITS.** As to prices, they will probably rise as they have always done in every war period we know anything about. The amount of increase would seem to depend quite a bit on two factors that are new in this war. One is the critical condition of most national finances, which makes for inflation and, two, the rigid systems of currency, price and exchange controls throughout the world.

Gold is interesting, especially when there is so much of it at one spot in Kentucky, but it remains an academic and statistical question, as far as we are concerned with its effect on our daily business life. Its importance is mostly in the future and there will be time to consider different possibilities for using it in connection with post-war international adjustments.

The profit outlook today is not at all comparable to the situation during the previous European war because the Government will get a larger part of the proceeds, particularly in industries supplying munitions and fighting equipment.

WILLIAM R. KUHN



"Gentlemen, in keeping with the times, we have installed a business analysis department"

**SIMPLE PROBLEM:**

**44-4**

• Under the Wages & Hours Bill, bank employees went from a 44-hour to a 42-hour week on October 23, 1939. On October 23, 1940, this week will be further reduced to 40 hours. To meet this situation, payrolls must be increased or *more efficient methods of handling banking work must be found.*

**SIMPLE SOLUTION:**

**COMPTOMETER  
ECONOMY**

• "Comptometer Economy," in banking procedure, is primarily a matter of **GREATER SPEED** (without sacrifice of accuracy), **SIMPLIFIED ROUTINE** (and elimination of costly waste motion), and **COMPELLED OPERATING ACCURACY** (literally compelled by the Controlled-Key which positively checks all imperfect key-strokes . . . also, other exclusive accuracy safeguards).

In the Bookkeeping Department, the Comptometer proof plan actually proves the accuracy of each *individual posting* — spotting errors at *the point of error!* It proves that the correct accounts were handled; that old balances were picked up accurately; and that individual debits and credits were posted correctly. As a result, *more work* is handled in *less time at lower cost!*

Telephone your Comptometer representative for a demonstration in your own office. Or write direct to FELT & TARRANT MFG. CO., 1711 North Paulina Street, Chicago, Illinois.

**COMPTOMETER**

REG. U. S. PAT. OFF.

**BANK  
PROOF  
UNIT**



## Strategy on the Gold Front

By E. E. AGGER

*Dr. AGGER is professor of economics and director of the bureau of economic and business research at Rutgers University, New Brunswick, N. J. He is Associate Director of the Graduate School of Banking conducted by the American Bankers Association at Rutgers.*

**D**OWN to our own day the banker has always regarded gold imports as a just cause for satisfaction. But the old saw about "too much of a good thing" seems now to be applicable to the metal. In the early part of 1934 our gold stock, after the devaluation of the dollar, approximated seven billion dollars. Today it is almost 19 billions.

It is, of course, no easy thing to give up suddenly our whole scheme of thinking about gold and to work up a new approach to the subject, but that, apparently, is what we are now called upon to do.

It would seem to be necessary first of all to see clearly just how the gold imports actually affect our banks. For this purpose, let us follow a shipment through. An American member bank has acquired, we'll assume, 100,000 ounces of gold abroad. It brings this gold home. On arrival here the metal is turned over to the Treasury at the fixed legal price of \$35 an ounce. The Treasury pays for the gold by drawing its check for \$3,500,000 on its active account at a Federal Reserve bank. The member bank then deposits this check to the credit of its reserve account. The result thus far is an increase of  $3\frac{1}{2}$  million dollars in "member bank reserve" account, and a corresponding diminution of the Treasury's balance. To replace this balance the Treasury then deposits  $3\frac{1}{2}$  millions in gold certificates or simply credits the amount on its own books to the Reserve bank concerned. In short, immediately, or in brief space of time, gold imports—and, of course, new domestic gold—tend to swell member bank reserves. From 1934 to date, while our gold stock increased some 12 billions, member bank reserve balances increased some ten billions. The difference is accounted for by an increase in money in circulation from about  $5\frac{1}{2}$  to  $7\frac{1}{2}$  billions.

This increase in reserves has had a serious effect on the banks. It has tended to increase their deposit liabilities. Of course, loans and investments tend also to increase deposits. Deposits of all banks increased from \$38,505,000,000 on December 30, 1933, to \$58,344,000,000 on December 30, 1939—an increase of just short of 20 billion dollars, for only half of which loans and investments were responsible. In the meantime, excess reserves have climbed to over six billions.

The effect of expanding reserves on the banks has been a serious decline in money rates and in bank earnings. Money rates in New York at the end of last April were quoted from

an average of .004 per cent on Treasury bills, and from  $\frac{1}{2}$  to  $\frac{5}{8}$  per cent on prime 4-6 months' commercial paper to 2.25 per cent on Treasury bonds. In the period from 1923-1929 commercial paper sold on an average basis of 4.6 per cent, stock exchange loans brought an average of 4.9 per cent and United States bonds sold on the basis of an average yield of 3.8 per cent. In its study published in January 1939, the Research Council of the American Bankers Association shows that: "The earning power of the commercial bank dollar in 1937 was less than half what it was in 1929." Net profits of all member banks in 1929 were 557 million dollars. The years 1932-1934 were a deficit period. In 1936 net profits were 465 millions, but by 1938 there was a decline to 265 millions. In relation to capital funds the rate in 1938 was 4.92 per cent as against 8.75 per cent in 1929.

This decline in money rates and in bank earnings cannot, of course, be wholly attributed to the expanding reserves growing out of the increase in our gold stock. The same phenomenon has been noted abroad. Direct governmental policy in favor of low rates has also played a part. But the important point is that heavy excess reserves provide a basis, as well as an excuse, for an "easy-money" policy and accentuate in our own markets the depressing effects of worldwide economic forces.

A similar pressure has been exerted on bank portfolios. Commercial loans have been declining ever since the early 1920's, while so-called "capital assets" (collateral and real estate loans plus investments) have been increasing, but the increasing gold stock has greatly intensified this movement. On May 1 the total loans and investments of reporting member banks equalled \$23,542,000,000. Loans of all kinds made up only \$8,661,000,000 of this total. The balance represented security purchases.

### SOME IMPLICATIONS

**IMBEDDED** in this development are some very significant implications. One is that the banks' own capital has been made more vulnerable. This is due to the fact that security holdings run a serious price risk should they have to be liquidated under pressure. Another is increasing dominance of the capital market by the Government. On May 1 the reporting member banks held \$14,881,000,000 in securities. Of this amount all but \$3,494,000,000 represented United States Government securities. So significant have these government holdings become that the Board of Governors of the Reserve System discusses in its 1939 report the use of the "open market" powers of the system, not for the original purpose of expanding or contracting the volume of credit, but rather

for that of assuring an orderly market for United States bonds. A third implication is found in the pressure on the banks to try to uncover new sources of revenue. Not all of the aspects of this development are detrimental but it is accentuating the change in the character of our traditional commercial banking.

Two other questions that have arisen in connection with our increasing gold hoard concern the potentialities of inflation and the ultimate monetary position of gold itself.

Banks might conceivably become the instruments of inflation in this country, but they are always among the victims rather than the beneficiaries (if there be any) of such a development. The reason is that they cannot adequately protect themselves. It is true that their liabilities, as well as their assets, run in terms of the dollar, but, with a decline in the value of money that always accompanies inflation, an inevitable erosion of capital funds takes place.

#### GOLD AND CURRENCIES

TO many the present maldistribution of gold is a threat to the monetary position of gold. We have in the United States over 18 billions of the world's visible supply of about 29 billions. We are the only large country left that maintains a fixed value of its money in gold. The gold standard grew up primarily on an international basis and its main advantages were based on that fact. Even in this country the domestic significance of gold is not great, and in the international market the value of gold depends upon the value of the United States dollar and not the other way around. Foreign countries still strive hard to obtain gold, and it is still regarded as the ultimate reserve in world banking, but it is not the gold reserves that any longer control banking and credit policy. "Managed currencies" have become the rule. Should such management develop to the point where gold becomes completely demonetized then serious problems might arise for us. We should probably have to go over to a complete system of currency management ourselves. This would involve a degree of governmental control of banking that would just about finish it as a form of free enterprise.

Various proposals for the solution of the gold problem have been made. One is that we lower the price of gold. Another is that we simply refuse to buy any more. Both of these proposals would mean a rapid rise of the dollar in the international market, with obviously harmful effects on our exports. By the same token, foreigners would be encouraged to dump their goods in this market, for receipts in dollars would look especially good when translated into their own currencies. Foreign investors here would have a windfall gain and American investors abroad would suffer corresponding losses. Lowering the price of gold would also imply a corresponding decline in the value of our own huge stock. Others have urged the retention of the present price but the restoration of free coinage and of the private ownership of gold. The detailed discussion of what this would involve would require more space than is here available. But it is believed that such a discussion would show that little immediate practical effect could be expected.

Secretary Morgenthau is probably right when he says: "There is only one sound way in which we can work to reduce the inflow of gold and to promote the return of at least a part of the wealth it represents to useful service in the lands from which it came. That way is to do everything in our power to contribute to the return of peace to the world and to encourage reconstruction and the restoration of normal trade." It may be doubted, however, that with such reconstruction and restoration "the gold problem will solve itself." There will doubtless be required some positive, con-

structive steps based on the essentially international nature of the problem.

A proposal based on this conception has recently been brought forward in Congress. On March 4 Senator Elmer Thomas of Oklahoma introduced a bill (S.3510), called "Surplus Gold Act of 1940", which proposes to broaden the powers of the Export-Import Bank of Washington and to make a sort of world bank out of it. It would be supervised by a board of management made up of the President, the Secretary of State, the Secretary of the Treasury, the Chairman of the Board of Governors of the Federal Reserve System and the Federal Loan Administrator. The latter would also be the executive manager. Under regulations formulated by the board, the bank would be empowered:

- (1) to sell any unobligated or unencumbered gold coin or bullion belonging to the United States;
- (2) to make loans of any such gold coin or bullion to the central banks of foreign countries upon such security as the board may approve as satisfactory;
- (3) to accept the custody of gold for the account of such central banks;
- (4) to make advances to such central banks against gold, bills of exchange, other short term obligations of prime liquidity, as determined by the board, or other securities approved by the board;
- (5) to open and maintain current or deposit accounts with such central banks;
- (6) to accept deposits from such central banks on current or deposit accounts;
- (7) to accept deposits in connection with agreements entered into between the Export-Import Bank of Washington and such central banks for the purpose of carrying out international agreements or settlements to which the United States is a party; and
- (8) to accept such other deposits as, in the opinion of the board, will aid in accomplishing the purposes of this act.

There then follows this paragraph:

"No loan of gold shall be made under this section except to a central bank which is approved by the Board, and no such loan shall be made to any such central bank unless such bank, or the foreign government which it represents, enters into an agreement satisfactory to the Board to fix a definite gold content for the monetary unit used by such bank or government, and to maintain such monetary unit in terms of gold as a basis for all exchange transactions entered into by such bank or government."

#### GOLD COINS AGAIN

SECTION 3 of the proposed act then practically requires the coinage of the gold in the two billion dollar stabilization fund into gold coins of one ounce, or 480 grains troy—in other words a unit of \$35—such coins to be full legal tender. In section 4 provision is also made for utilizing the gold behind the gold certificates insofar as the Treasury has available other funds with which to reimburse the Federal Reserve banks for gold certificates so drawn down.

Naturally, Senator Thomas intended this proposal to be used as a basis of discussion. Its strong points are that it recognizes the international nature of the problem, that it envisages some form of a world bank as the instrument to be employed and that a definite unit—the ounce of gold—will be made the basis of its operations. Opinions will differ as to the advisability of requiring a fixed relationship between the money of borrowing countries and the ounce-of-gold unit, although in the end that would doubtless be highly desirable if the bank could successfully manage gold itself as the Bank of England managed it in the halcyon days of the free gold standard. The weakest point in Senator Thomas' proposal is the use of the Export-Import Bank—a creature of the United States Government. A better start might be made through the proposed inter-America bank, which might later be broadened into a world bank. The point that stands out is that the final solution of the gold problem can only come through the cooperation of all the principal countries.



# Rocky Mountain Candor

By DOUGLAS GOLD

*Other Indian tales by Mr. GOLD appeared in the March and April issues. The author has been in the Blackfoot country for a number of years.*

## What Is He Thinking About?

IT was after 11 o'clock, and, as we closed at noon on Saturday and as the fishing in the mountain streams of nearby Glacier Park was at its best, we had counted the cash, written the drafts, loosened the binders on the depositors' ledger and made every possible preparation for a hurry-up balancing and a rush to the hills.

Then Tom Lost-His-Gun appeared with a lease check for nearly a hundred dollars and indicated in signs that he wanted half of it in silver.

Montana Joe came in, chaps squeaking and spurs clanking. He stood behind Tom, his red whiskers moving in the gentle undulations which spoke of tobacco well chewed. He fingered a government check impatiently but stepped aside as two ladies, obviously tourists, came up to the window.

Joe sat down on the radiator by the window. Lost-His-Gun scooped his bills and silver into a buckskin pouch and moved with dignity toward the door. I prepared to wait on the ladies but discovered that the sight of the huge Indian in his bright blanket and moccasins and with the eagle feather in his braided hair had made them forget their immediate need for cash. Lost-His-Gun walked to the hitching rail but did not get on his horse. He folded his arms and assumed the immobility which none but a redskin can approach. The two strangers walked to the door.

"Oh, Sarah," said one. "Isn't he magnificent?"

"Sublime, Rosalie, positively sublime! And the folder says they are a vanishing race. Do you suppose it distresses him? Think of having owned this whole continent!"

"It must, Sarah; it must. No doubt that's why his gaze is off in the distance. I wonder if he is thinking about the glories of the past. Oh, I wonder what he is thinking about."

"Yes, wouldn't it be enlightening? What do you suppose he is thinking about? I'd love to know."

Montana Joe uncrossed his legs and to my distress expectorated generously on the wall behind the radiator. He wiped his mouth with the back of his hand and took off his five-gallon hat.

"I can tell you what he's a-thinkin' about, ladies," he said.

Both turned to him. They had not heretofore noticed his existence.

"Oh, can you?" cried Rosalie, involuntarily stepping toward him. "We'd love to know. We're from the East and never see Indians. What do you suppose he is thinking about?"

Red smiled disarmingly. "He ain't a-thinkin' about a damned thing."

June 1940



## Lotsatimes

WHEN we organized the First National Bank of Brown- ing, some friends of our bank's president who lived in the East were permitted to buy small blocks of our stock, and all these gentlemen took a great interest in our progress. Now and then one of them would drop in on us.

One who came was a man of great enthusiasm for the breadth and beauty of our reservation country. He phoned us from the Many Glacier Hotel that he would like to come down to see us. We planned a little tour of the reservation for him and I was designated as his guide. I arranged with Joe Red Hoof to drive the car.



We shall call him Mr. Jensen and he was a most enthusiastic and verbose individual.

He would not hear of riding in the back seat but piled in with Joe. Half turning he included me in the steady stream of one-sided conversation which he initiated, continued, and from time to time brought to temporary conclusions. As we crossed Willow Creek at the edge of the Agency, Mr. Jensen had his first outburst: "Oh, Mr. Red Hoof, isn't that a delightful little stream—pellucid! Crystal—I should say. Isn't it beautiful, Mr. Red Hoof?"

Joe grunted acquiescence. A little later we came to White Calf's grave on top of the high knoll overlooking the Cut Bank Valley. Our visitor was enthusiastic. "How unique! How startlingly unique!—and yet how poetic to bury him here! The dead where any one of us might choose to live. How—how—how fine, isn't it, Mr. Red Hoof—I ask you, now isn't it a poetic thing?"

"Uh," said Joe, and we proceeded. As we struck the Glacier Park highway we paused again. We gazed up the Cut Bank Canyon to the gash in the mountain wall which showed where the stream emerged. Our stockholder rose in his seat, clinging with one hand to the windshield while he described a majestic arc with the other. His voice was more quiet but inspired:

"Isn't it magnificent? Isn't it magnificent?—Isn't it isn't it—sublime? It beggars vocabulary. Those two masterful towering monsters of mountains and those clouds capping them—Mr. Red Hoof—hovering over them as if envious of their majesty—as though they could detract from such grandeur. And that frothing, dashing, foaming, virulent torrent—all nature assembled in a superb panoply! I've traveled the earth—and I can truthfully say—I can truthfully say"—his voice sank to a venerate whisper—"I've never seen anything—. Have you ever seen anything like it, Mr. Red Hoof? Have you ever seen anything like it?"

"Lotsatimes," said Joe, and we moved on.



# Investment Help from the City

*This article reports replies to a questionnaire sent to representative small and medium-sized banks requesting information as to their use of correspondent bank advice about investments. Mr. ADAMS is a regular contributor to BANKING.*

**Y**ES, we depend to a very considerable extent upon our city correspondent for advice regarding our investments. We follow their recommendations almost 100 per cent and they have proved to be extremely helpful. In fact, this assistance is the most important service performed for us by our city bank. We submit our entire investment list for review at least four times a year and never buy a bond without our correspondent's approval."

That is a sample answer to a questionnaire recently distributed by BANKING to a number of small and medium-sized banks in all parts of the United States. But it is not a typical response, not by a long sight. One interesting feature of the survey is that there was no such thing as a typical response. The answers reflected a great variety of viewpoints and practices. Nevertheless, one outstanding fact emerged; namely, that most out-of-town bankers do *not* rely upon their city correspondents to any appreciable extent for advice regarding their bond portfolios, in spite of the fact that many do receive excellent assistance without cost from this very source. The replies contain much food for thought for country bankers and for their city cousins as well.

There are many bankers, of course, who invest exclusively in United States Government or local municipal securities and who therefore feel that they have little or no need for outside help on their portfolios. This applies very largely to institutions in southern and southwestern states, and this group accounted for about one-fifth of the total returns from the questionnaire. As might be expected, several of these expressed the conviction that small bankers are much better off adhering closely to an investment policy of that kind. As one of them put it, "Country banks should employ competent bond men or restrict their investments to 'governments'." Some had learned the hard way. An Idaho banker said he adopted this policy because losses in other types of securities at one time almost forced him to close his doors. Several mentioned that they occasionally check regarding their customers' investment problems and have found this service helpful.

## WHAT THE BANKERS SAID

**BUT** let us examine the response of bankers who should be able to derive considerable benefit from expert advice on their own security holdings. Of these banks, more than one-third do not use their city connections at all for this purpose. Some of these explained that they are using investment counsel firms. Others reported that service of this type had never been offered to them by their city banks. Some gave no reason. A few stated that they felt competent to arrive at investment decisions by themselves.

A considerable number, however, were definitely skeptical of the value of the advice they might receive from city banks. Some of the replies were colored by ancient and bitter memories. One banker suggested that the F.D.I.C. should furnish more guidance on investment matters, explaining

## Investment Questionnaire

1. Do you depend to any extent upon your city correspondent for advice regarding your bank's investments?
2. Why?
3. To what extent, in general, have you followed your city correspondent's advice?
4. How helpful has this advice proved to be?
5. How important do you consider the advice on securities rendered by your city correspondent in comparison with other services it performs for you?
6. How many times during the past 12 months have you had your investment list reviewed by your city correspondent?
7. Why not more frequently?
8. Do you think that city banks should render more assistance to out-of-town bankers with respect to their investments?
9. What would you suggest?
10. How important would you consider such increased assistance as you have in mind, in comparison with other services your correspondent performs for you?

that "F.D.I.C. would have nothing to unload." Here are some others:

*"We know many banks that failed because they were loaded up with bonds sold them by city banks."*

*"We followed their advice before 1929 and found we made a mistake."*

*"The only advice they ever gave was bad. We do not have any faith in it."*

*"We have not followed advice since 1926-27. We were badly burned."*

*"At one time, we followed every suggestion. This advice cost us over \$200,000."*

Most of these bankers apparently need investment assistance today but make no effort to obtain it from any city bank because of unfortunate experience many years ago. They assume that the suggestions they might receive now would be no better than those of salesmen for bank security affiliates back in the 1920's.

This assumption is strongly refuted by evidence presented by a majority of country bankers. Almost half of all the banks which might use help on their investments reported that they rely to a considerable extent upon their city correspondents for guidance, and a number of others check with them occasionally. Practically all of these bankers testified that the recommendations received have been definitely helpful. Although a very few reserved judgment on this point, none reported any unsatisfactory experience in recent years, and many were enthusiastic in their praises. For example:

## By E. SHERMAN ADAMS

*"This is the best service we can get."*

*"By consulting with our correspondent, we have been fortunate in disposing of sub-standard issues with a minimum of loss."*

*"This advice has proved to be extremely helpful."*

*"Absolutely satisfactory—never had an issue go bad that was recommended for purchase."*

The great majority of these bankers indicated that they consider investment advice as being at least as valuable as other functions performed by their city correspondents and many stated that it was considerably more important to them than any other service. A number pointed out that this is about the only way that a city bank can serve them at all these days. Others remarked that they had had widely varying experience in this connection with different correspondents.

One banker wrote: "City banks have had little else to offer lately and some have been very slow to do even this much." Another said that his experience has been that "advice from most correspondents does not amount to much", but he went on to name one metropolitan bank whose assistance on investments he regarded very highly. Several bankers who have not been using their correspondents in this way stated that they would like very much to receive really good investment advice from this source.

Many who do consult to some extent with their city correspondents never request reviews of their entire portfolios but simply inquire about individual issues from time to time. Only about half submitted their complete lists for review as often as twice during the past year, and less than a third sent in their lists as many as four times.

### INFREQUENT REVIEWS

CONSIDERING the fact that investments now constitute a very large proportion of total earning assets, it may seem surprising that bankers have their bond accounts reviewed so infrequently, especially when they affirm that the advice they receive from city banks is helpful. Several admitted frankly that they should have checked more often and other replies could easily be interpreted as confirming the contention of some that many bankers display considerable inertia with respect to the supervision of their investments. A few mentioned that they would really like to check more frequently but felt that it would be an imposition on their correspondents to do so. Others claimed that the character of their portfolios is such that little supervision is needed. However, by contrast, there was an answer from a banker whose institution has resources of less than a million dollars. He reported that he sends in his list "at least 15 times annually", and he goes on to say that "the generally satisfactory condition of our investment account as a whole does not require more frequent reviews."

Many expressed the belief that some city correspondents should give a greater amount of assistance to out-of-town banks on their investment problems. This group included a number who do occasionally call on their correspondents in this connection at the present time. In contrast, the great majority of the banks which reported considerable use of their correspondents, are well satisfied that the latter are

doing everything along these lines that can reasonably be expected of them.

Many were emphatic in expressing their appreciation of the fine cooperation they have received. The following comment from Connecticut reflects the opinion of a considerable group: "We have felt that the city banks have been very cooperative and it is the fault of the small bankers if they do not avail themselves of their assistance." Several suggested, however, that city banks should impress more firmly upon their correspondents their willingness to help them. One said that he would like to have a definite understanding that his list is to be reviewed regularly every quarter.

Bankers receiving the questionnaire were asked how city banks should improve or augment their service on investments. The replies showed that most bankers who would like more help of this kind simply wish to have city banks advise them regarding general policies and regarding their individual holdings. In other words, many bankers desire to obtain exactly the same type of investment service that others are already actually receiving from their city connections and which has proved to be very helpful.

The returns reveal a number of interesting differences of viewpoint. One banker pleads for more specific advice and less statistical data, while the next states that the city bank should furnish information but not attempt to advise. One banker reports that his city bank has been particularly helpful because of its intimate understanding of the problems of his institution, whereas another says that his correspondent might be of considerable assistance except for the fact that it lacks insight into country banking. The next admits that the city banker's judgment has proved to be far better than his own but he has come to the conclusion that "we are not investment bankers and should stick to our own community. The hill the farthest away does not look the greenest to me any more. I was the green one."

### BY WAY OF SUMMARY

HERE is a summary of the more significant generalizations which may be drawn from the replies to the questionnaire:

1. Many metropolitan banks have been active in helping their correspondents in connection with their bond accounts without charge.
2. Many out-of-town bankers have availed themselves of this assistance and have found it very valuable—so much so that a considerable number regard it as the most important of all correspondent services.
3. Some are restricting their portfolios to United States Government and local municipal securities and have comparatively little need for investment guidance.

On the other hand:

4. A great many country bankers who need help on investment matters do not avail themselves of this assistance as much as they should.
5. Many would achieve better results if they paid greater attention to the advice that they do receive from their city correspondents.
6. Some are apparently unaware that many city banks offer service of this kind.
7. Many out-of-town bankers feel that their correspondents should do considerably more than they are now doing in the way of service on investments.



# A 9-Point Business Builder

By PHILIP K. BARKER

Mr. BARKER is Manager, New Business Department, Granite Trust Company, Quincy, Massachusetts.

**O**UR present day banks are divided into two or more camps on the subject of employee and officer solicitation of consumer credit business.

On the one side we find banks which engage in no solicitation of new business of any kind. In many of these institutions such activity is considered undignified. There are in addition many banks too busily engaged in other problems to study the "pros" and "cons" of business development by their own staff.

At the other extreme, we find those banks which use every means possible in their efforts to obtain new business. They have employee contests or drives. They pay commissions for new business obtained. They employ full time solicitors and advertise extensively. This procedure can be roughly termed as "uncontrolled solicitation".

There is, however, a middle-of-the-road course. Banks should recognize the advantages, yes, even the necessity, of including employee training and cooperation in their plans for building an increased volume of profitable loans.

A bank officer in charge of one of the largest instalment loan departments was recently heard to comment, "Well, I certainly wouldn't want any of the tellers in my bank soliciting small loans". It so happened that this bank was of such size and served such a large population that it did not find it necessary to enlist the cooperation of its tellers. The greater part of its volume of loan business originated through dealers and it had a splendid advertising department as well as a separate department sufficient and adequate to develop new business.

Most banks do not find themselves in such an enviable position. The average bank with a consumer credit department is faced with keen competition in its quest for the increased volume of profitable loans which it desires. Some banks have cut discount rates to attract business. It is not the purpose of this article to discuss the wisdom of rate reductions. Instead, its purpose is to point out the fact that many banks now overlook one of the greatest assets they have in the development of profitable new loans. This asset is the intimate personal relationship that exists between the personnel of the bank and the public.

With the above facts in mind, it would seem that the following suggestions indicate a few specific ways in which the personnel of the bank can help in obtaining loan business.

## HERE THEY ARE

1. HUNDREDS of each bank's depositors own trucks and have occasion to purchase new ones from time to time. Bank employees can do such depositors a favor and obtain good business for the bank by suggesting that the next truck be financed through the bank's auto loan plan.

2. Similarly, each officer and employee of the bank has friends and acquaintances who trade in their pleasure vehicles and finance part of the purchase price. These automobile purchasers can be persuaded to come to the bank for financ-

ing or to request the bank auto finance plan from the dealer.

3. With advance approval, officers or tellers can approach on a semi-personal basis certain retailers who finance time sales themselves or with out-of-town organizations, with a view to determining the possibility of the bank's acquisition of that business and of discovering how best to go about it. These conversations provide excellent leads for the lending officers to follow up.

4. A teller may hear that a misfortune has befallen a depositor with whom he is on friendly terms. In many cases a personal loan is the solution to the emergency and the teller is rendering such a depositor a real service by suggesting that he give his story to the manager of the personal loan department, who will explain to the depositor how the bank can be of assistance.

## OPPORTUNITIES AMONG BUILDERS

5. STRANGE as it may seem, hundreds of carpenters, painters, builders and others engaged in residential and commercial building and modernization work are not familiar with the benefits of F.H.A. Title I loans as an aid to them in getting business. They do not realize that they would receive spot cash from the bank on completion of the job. Bank employees can divide among themselves the names of such prospects and acquaint them with the Title I plan, thus obtaining good business for the bank. Also they can arrange to have a bank representative appear before various building trade organizations, such as the Master Plumbers Association, for the purpose of explaining the simplicity and the advantages of modernization loans.

6. Moreover, individuals known by tellers often express the intention of making home improvements or landscaping their property. They should be told about Title I loans, and lending officers should be given their names for follow-up letters with Title I literature.

7. Officers and sometimes tellers have an occasional opportunity to make an appointment for the bank's new business representative or lending officer to meet the personnel officer of a large industrial plant for the purpose of discussing the advantages of referring employees of good credit standing to the bank's personal loan department. Many banks accept single name loans if the prospective borrower presents an introduction card from such a personnel officer.

8. When seeking sources for instalment loans, bank employees should not overlook students in advanced trade and business courses. The managements of such schools are glad to cooperate, as it enables prospective students to borrow part of the funds necessary for special training.

9. The personnel of the bank has many opportunities to solicit the cooperation of insurance agents in obtaining profitable insurance premium financing. Insurance underwriters, if properly sold on the lending facilities of the bank, have many occasions to advise and refer their policyholders.

The above are but few of the hundreds of opportunities which arise in the course of daily banking transactions. If the bank staff is taught to be salesminded they will recognize the many chances to suggest helpful banking services.



# 20 Answers on Wages and Hours

By D. J. NEEDHAM

*The General Counsel of the American Bankers Association gives the replies to two score questions about the Fair Labor Standards Act of 1938 (Wage and Hour Act) as it affects banks and bank employees.*

## I

**D**O BANKS and their employees come under the Fair Labor Standards Act of 1938?

THE APPLICATION of the Act to banks and their employees continues to be uncertain and will remain so until there has been either legislative or judicial action clarifying the Act. The safe course for banks to follow, in view of the drastic penalties imposed for violations of the Act, is to conform to the minimum wage and maximum hours requirements and to maintain the records required under the regulations of the Administrator.

## II

ARE EMPLOYEES of a trust department of a bank exempt under the Wage and Hour Act?

THE REQUIREMENTS of the wage and hour laws are applicable only to employees who are engaged in interstate commerce or in the production of goods for interstate commerce. The inclusion of such employees in such category would be subject to a reasonable doubt. However, this doubt can only be resolved by an interpretation of the law by the courts as it applies to such trust department employees. The safe course would be to comply with the requirements of the Act.

## III

ARE ASSISTANT cashiers of banks exempt from the provisions of the Act?

THE PROBLEM of exemption of such an employee is covered by the conditions laid down in the regulations of the Wage and Hour Administrator which defines and delimits the terms "Any employee in a bona fide executive, administrative, professional \* \* \* capacity."

## IV

WHAT IS the status of a bank janitor under the Act?

THE QUESTION cannot be answered categorically "Yes" or "No" since it rests with the courts to determine which employees come within the coverage of the Act and which do not. Although the Wage and Hour Administrator has no power to make binding determinations as to the coverage of the Act, his legal staff has indicated the opinion that janitors

are not necessarily exempt from the wage and hour requirements of the Act.

## V

WHAT IS the status of building service employees, such as a janitor, elevator operator and the like-employed employees in an office building owned and occupied by a bank?

THE ADMINISTRATOR has no power under the law to determine the scope or applicability of the law in respect to such employees. His legal staff, however, has indicated the opinion that such employees may be covered if a tenant or tenants in the building are engaged in interstate commerce.

## VI

WHAT IS the status of employees of an apartment house, office building, etc., owned by a bank, which was acquired by the bank through foreclosure?

IT WOULD appear that employees of an apartment house are clearly exempt from the wage and hour requirements. The answer to Question 5, however, would apply in the case of employees of an office building so acquired.

## VII

ARE EMPLOYEES who are also stockholders exempt from the requirements of the Act?

THE FACT that employees are also stockholders does not exempt them from the wage and hour requirements.

## VIII

WHAT IS the rule for determining hours worked by a bank employee during a work week?

THE GENERAL rule is that all time during which an employee is required to be on duty, or to be on the employer's premises, or to be at a prescribed work place, and all time during which an employee is suffered or permitted to work, whether or not he is required to do so, must be included.

## IX

IS A bank guard allowed to figure his lunch period as time worked where he is required to eat his lunch on the premises and still be responsible for discharging his duties?

IT WOULD seem that inasmuch as the guard is required to remain on the premises and partake of his lunch "on the run" the lunch period should count as time worked.

X

WHAT IS the application of the Act where a janitor is employed jointly by two banks?

THE ACT does not limit in any way the number of hours which an individual may work in a given week for one employer or for several employers. The hours worked for each employer are considered separately.

XI

DOES TIME off for holidays, sick leave, vacations and the like constitute hours worked?

IT is believed that under the interpretative bulletins of the Wage and Hour Division it is reasonably clear that such time off should not be construed as time worked.

XII

MUST ATTENDANCE by an employee at meetings and lectures such as A.I.B. courses and the like be counted as "hours worked"?

A RULING BY the general counsel of the Wage and Hour Division is to the effect that where the employee's attendance at meetings and lectures is voluntary and such meetings and lectures take place outside of the regular hours of employment of the employee they are not to be counted as hours worked even though the employer pays the tuition of the employee.

XIII

DOES TIME of bank employees spent in attending A.I.B. group study classes count as "hours worked"?

IN AN opinion rendered by George A. McNulty, general counsel of the Wage and Hour Division, it was stated that "time spent by employees after regular working hours in attending lectures at, or in studying correspondence courses given by, a public school, university, or other institution of learning, even if the employer pays the necessary tuition, will not be considered directly 'related to the employee's work' and, if attendance is voluntary, will not be considered as 'hours worked'".

XIV

How is the "regular hourly rate of pay" of bank employees determined?

IF THE employee is paid a monthly salary, as is customary in banks, the monthly salary is multiplied by 12 and the result is divided by 52 to obtain the weekly wage. If the employee is employed a regular number of hours a week, determined by agreement or custom, the regular hourly rate of pay is determined by dividing the weekly wage by the number of hours in such agreed or customary work week. If, on the other hand, the work week is not so determined by agreement or custom and the employee works an irregular number of hours a week, his regular hourly rate of pay is ascertained by dividing his weekly wage by the actual number of hours worked each week.

XV

ARE BONUSES paid to employees voluntarily at the end of the year to be considered in arriving at the basic hourly rate of pay?

IT is understood that the Wage and Hour Division takes the position that a bonus which is not computed on the basis of measured work performed, such as a simple Christmas bonus or bonuses given for punctuality, attendance, etc., is not considered wages paid within the meaning of the Act.

XVI

MAY A bank employ an inexperienced beginner at a wage less than thirty cents an hour?

EMPLOYMENT AT less than thirty cents an hour minimum wage is permitted only in the case of learners or apprentices under a certificate of the Wage and Hour Administrator.

XVII

WHEN SHOULD overtime compensation be paid?

WHILE THE law is not entirely clear as to when overtime compensation must be paid, the Wage and Hour Administrator has taken the position that it should be paid within a reasonable time after it is earned, preferably upon the date of payment of the employee's regular compensation.

XVIII

MAY OVERTIME earned in one week be compensated for with another week or weeks within "such period" by giving the employee time off within such week or weeks?

THE OPINION by George A. McNulty, general counsel of the Wage and Hour Division, on February 5, 1940, states that the method of payment of overtime, by allowing one and one-half hours of time off for each hour of overtime worked within a pay period of longer than one week, could only be used where the employees are employed on an hourly basis or for a regular number of hours a week determined by agreement or custom. The Wage and Hour Division has not laid down any rule as to what would be considered employment for a regular number of hours a week determined by agreement or custom, but they have indicated that they consider it doubtful if bank employees generally are so employed.

XIX

SHOULD OVERTIME be paid clerks who are engaged in finding their own mistakes?

IT is believed that the Wage and Hour Administrator will take the position that a ruling that no overtime will be paid clerks who are engaged in finding their own mistakes would constitute a violation of the Act. The definition of the word "employ" as used in the Act includes "to suffer or permit to work." (See Interpretative Bulletin No. 13.)

XX

WHAT PARTICULAR form of wage and hour records are required to be kept?

ANY FORM is satisfactory so long as it discloses the information required under the regulations of the Administrator. (See copy of Regulation and Explanatory Statement.)

# Ten Loopholes for Forgery

By HAROLD G. EBERLE and HORACE W. ERVIN

*This is the authors' sixth article in a series on insurance for banks. Last month's instalment (Packaged Insurance for Banks) made brief reference to forgery coverage as one feature of Bankers' Blanket Bond No. 8 Revised. The present article treats forgery more expansively from the point of view of its being a threat of loss in ten typical banking operations.*

**B**ANKERS' Blanket Bond Revised Form No. 8<sup>1</sup> gives protection against loss through forgery chiefly as respects incoming items. But additional insurance is often felt necessary to provide fairly complete coverage against loss caused by what is believed to be the fastest growing crime. Following are ten typical bank operations that are subject to the forger's pen, and coverages for each:

1. *The bank purchases securities (a) for itself.*—If these securities turn out to be forged, altered or defective in title, the bank must bear the brunt of loss, unless it can look to the prior holder for reimbursement.

(b) *As agent for a customer.*—Here the bank assumes responsibility for the genuineness of the securities. If they are forged, raised, altered or defective in title, the bank is responsible to its customer and, unless it can recover from the seller, it must replace the defective securities with valid and genuine ones. The bank's responsibility is undoubtedly different if it merely acts as an agent to pick up specified securities from a specified broker (or from another bank) at an arranged price, as contrasted with general instructions to "buy at the market."

(c) *As a fiduciary.*—Acting as a fiduciary in purchasing securities, the bank is legally charged with using that degree of care which a reasonably prudent man would exercise in handling his own property. Just what "that degree of care" is, is problematical. The court in a test case might not agree at all with the bank's definition.

Besides, many operations performed in connection with purchasing securities must be delegated to various employees. Here the human element enters from many different angles. Virtually every transaction is subject to the taint of employee negligence that may hold the bank liable. In a case involving forgery alteration or defect in title, the jury may decide that the bank's conception of reasonable care

<sup>1</sup> Now form No. 2 also gives this coverage, optionally and for an extra premium.

## New Forgery Coverage

ON January 1, 1940, a new coverage called *Bankers' Forgery Bond—Lender's Form* was made available. It is designed principally for the use of banks with growing personal and commercial loan departments. Securities Bond No. 3 (subdivision N) provides coverage against loss arising from forged promissory notes. The new lender's form covers, in addition to promissory notes, warehouse receipts, bills of lading, assignment of accounts receivable, chattel mortgages, real estate mortgages, conditional or retail sales contracts, trust agreements, lease agreements and other similar instruments covering personal property.

was neither valid nor sufficient to relieve it of liability to the beneficiary of the trust.

*Securities Bond Standard Form No. 3 protects against loss sustained in purchasing any security, as defined, (a) for its own portfolio, (b) acting as agent for a customer or (c) acting in a fiduciary capacity, when the security shall prove to have been forged, raised or otherwise altered, counterfeited or lost or stolen from the true owner.*

2. *The bank accepts securities as collateral, and discounts notes.*—Protection of a secured loan is contained in (a) the maker's responsibility and (b) the securities held as collateral. If these securities prove forged, altered or defective in title, the bank must look to the maker for reimbursement. If the maker cannot reimburse, the bank sustains whatever loss there is owing to irregularity in the securities, unless it can recover from the seller.

Again, the bank may have securities in its possession for safekeeping which, under instructions from the depositor, may be applied as collateral to a loan or applied to take the place of other collateral. If the loan is not paid when due, and the collateral proves defective, any loss is the bank's.

In the same type of transaction, the bank may make a loan on the faith of a promissory note without collateral and with or without endorser. If the name of the maker of the note is a forgery, the bank sustains the loss. The same is true if the name of an endorser is forged. In either case the bank has recourse against the borrower, but usually in the case of a forgery no recovery can be had because the borrower either has no property or may be implicated in the forgery.

*Securities Bond Standard Form No. 3 protects against loss incurred in taking as collateral, or applying as collateral, or applying in substitution for collateral, any securities, as defined,<sup>2</sup> which shall prove to be forged, raised or otherwise altered, counterfeited or lost or stolen from the true owner. Subdivision N of insuring clause A<sup>3</sup> covers any loss the bank in-*

<sup>2</sup> The bond's definition of securities includes three classifications, each on a separate premium basis:

(a) United States Government obligations, bonds and other obligations of foreign countries, stock certificates, coupon or registered corporation bonds, interim and temporary receipts and certificates for securities, interest coupons detached from any of the foregoing instruments, certificates evidencing the deposit of securities, warrants or rights giving subscription privileges, participation certificates representing an undivided interest in securities.

(b) A group covering warehouse receipts and bills of lading (except on motor vehicles), mortgages on real estate and similar instruments, trade acceptances and certificates evidencing the deposit of money.

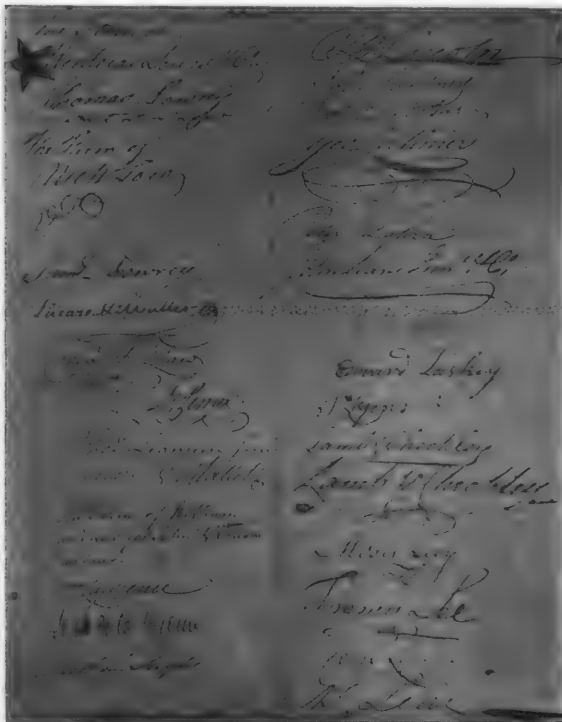
(c) Instruments for the payment of money commonly called promissory notes, except those secured directly or indirectly by assigned accounts, or by mortgages on personal property, or warehouse receipts or bills of lading covering mortgages on personal property, or warehouse receipts or bills of lading covering motor vehicles. (Coverage on purchase of securities, or on their acceptance as collateral, may be obtained under any one of these groups, or under all of them; but cover must be bought for all of the securities listed in any one group in order to obtain it for any one of the securities included in that group.)

<sup>3</sup> Clause A covers purchase of securities.

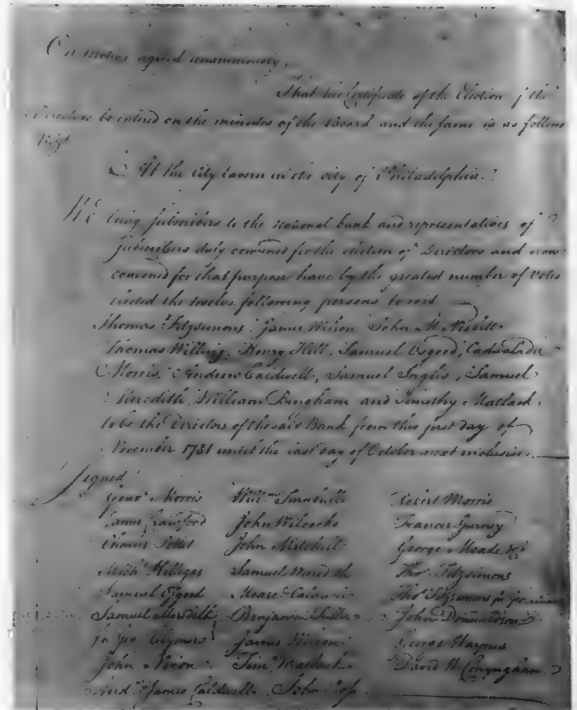
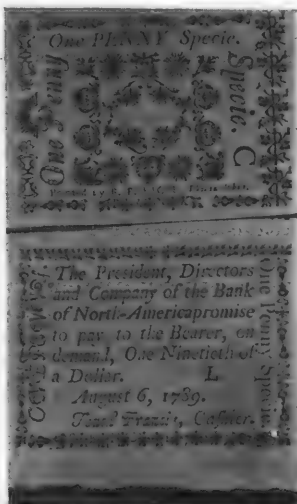
(CONTINUED ON PAGE 74)

# History in Bank Records

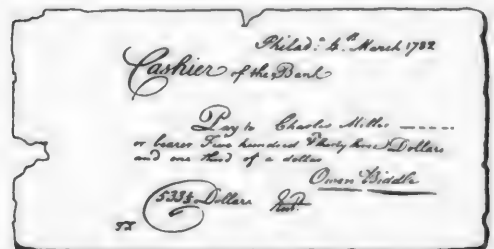
ONE of the largest historic collections of bank records in the United States was presented by William Fulton Kurtz, president of the Pennsylvania Company for Insurances on Lives and Granting Annuities early this year to the Historical Society of Pennsylvania. On this page are a few items from the collection, which numbered about 1,700 books, documents, pictures and specimens of old currency. The collection comprises the records of the Bank of North America, the first chartered bank in the United States. Below, a page from the first signature book. The starred name is the oldest bank account in the United States—Mordecai Lewis & Co. The top of the second column is that of Gen. Benjamin Lincoln and the third signature from the bottom of the same column is that of Francis Lee.



Below, paper currency for one-ninetieth of a dollar issued by the bank in 1789



Above, the minutes of the meeting of subscribers to the original issue of stock electing the first directors of the bank. Below, the oldest extant check in the U. S. Notice that "Cashier of the Bank" is ordered to pay a stipulated sum. The name of the bank is missing as there was only one bank at the time



Below, a receipt signed by Capt. John Paul Jones for a dividend on Bank of North America stock





# Main Trends in Consumer Credit

By OTTO C. LORENZ

Mr. LORENZ, a national authority on consumer credit, contributed "Consumer Credit Operating Costs" to the May issue of BANKING.

"WHAT'S all the shootin' fer?" This question, hit line of a great Broadway success years ago, arises whenever bankers discuss consumer credit. The Reserve City Bankers Association decided to get the answer.\*

The association wanted to know: "How much consumer credit business is there?" "Is it important enough—is there enough volume in it—to command the bankers' attention?" "Is it profitable?" "What kind of customers does this consumer credit business attract?"

Good questions. Questions which had to be answered factually if the individual banker were to draw his own conclusions intelligently.

The Reserve City Bankers engaged the National Bureau of Economic Research to find the answers to these questions—to lay before the banking community facts upon which bank policy could be constructed. The result has now been published and facts of historic importance and great value are set before us. We are left to draw our own conclusions from these facts—the very nature of the bureau's work bars it from expressing an opinion of policy. So let's see what some of the high spots are in *Commercial Banks and Instalment Consumer Credit* by Dr. John M. Chapman and his associates.

A startling item of news greets us in the first few pages. The bureau estimates the number of banks with special personal loan departments at 1,500, far in excess of what most of us have really supposed. The "consumer direct" business has taken hold of the banker's fancy; the upward trend is so vigorous that the nation's economy is affected. Only a few years ago—in 1936—it was reliably estimated that there were only about 250 banks in the business. The bureau's estimate for 1938 shows an increase of 600 per cent. Appendix A of the book offers proof that the estimate has been carefully made.

So much, then, for the popularity of the movement in the banking community. But let's talk dollars and cents. What did all this furore amount to in volume of business transacted?

Total consumer instalment loans outstanding in personal loan departments of banks are estimated at \$500,000,000 in 1938, and this financial service has been rendered to upwards of a million people. The trend in dollars is sharply upward. In a group of 100 banks, outstandings stood at 0.9 of 1 per cent of total earning assets in 1934. By 1938 this percentage figure had more than doubled and personal loans had increased faster than any other bank earning assets.

## THE SMALL LOAN

HOW small is the "small" or personal loan? This is a question of utmost importance. The small balance, short term

\* *COMMERCIAL BANKS AND INSTALMENT CONSUMER CREDIT*, by John M. Chapman and Associates. National Bureau of Economic Research, New York City, 1940. 308 pp.

loans may be unprofitable, and in many instances the borrower of \$50 or \$100 may be getting a free ride at the expense of the bank. The bureau has gathered data on this all-important question which should be carefully considered.

In banks whose total loans and investments amount to \$150,000 or less, the average co-maker loan amounts to \$130, the single name to \$122. Now the \$130 and \$122 average loans are very near the break-even points—the point where the banker neither makes nor loses money on the deal. And since they are averages then, by simple mathematical deduction, these banks must be writing a considerable number of loans which are below the break-even point, which would almost certainly result in a loss to the banker in spite of gross yields amounting to 12 per cent and more per annum.

Take a \$100 loan. Suppose it costs you \$2.25 to put that loan on your books. And suppose it costs you another \$3.60 to effect collection of the 12 instalments. That makes \$5.85 of "per item" expense before you have even taken into consideration certain "per dollar" expenses which are a part of every instalment transaction. If you are collecting \$6 interest for that loan, a constant ratio yield of over 11 per cent per annum—you'll have only 15 cents left out of your interest charge to cover your per dollar expenses. And 15 cents is not enough.

Why bring that up? Because bankers who enter this consumer credit field must become "cost conscious"; because they must do enough profitable business in the high balance long term loans to make up for losses on loans which cost more to handle than there is profit coming in, and because an accurate knowledge of costs and the character of his volume is the banker's *only defense against arbitrary legislative efforts to lower the ceiling for rates.*

## THE SMALL BANK

AND the bureau's study reveals another reason of enormous importance—the small bank is relatively the one most heavily engaged in these small loans.

Out of a total of 961 banks, 535—over half—have from 11.3 per cent to 41.8 per cent of their total loans and investments tied up in personal loans. One-half of the reporting banks in the business must pay very serious attention to their "break-even" points—to accurate cost analysis. They can not and must not operate on a hit or miss basis. They must maintain unremitting vigil over legislation which may affect their rate structures.

## SALES FINANCING BY BANKS

THIS fascinating first chapter of the bureau's survey winds up with a description of bank activity in the sales finance field.

Those familiar with instalment paper will not be surprised to find that the survey reports automobile financing to the tune of 82 per cent of the total amount of paper acquired by banks in New England, almost 88 per cent in the East North Central area and 83 per cent in the Pacific region. The Middle Atlantic area on the other hand, weighted heavily by the figures from New York City banks, shows less than 17 per

cent in automobile paper. Here household appliances take center stage with a total of 77.2 per cent.

#### LEGAL STATUS

THE bureau's survey did not overlook one important question in the minds of many bankers: Can a bank make personal loans at 12 per cent per annum interest rates without running smack into the various state usury laws? Were there any states which specifically gave banks the right to make personal loans at other than the "legal" rates of interest?

The chapter devoted to this subject is of absorbing interest and contains some very valuable material. A survey of legislation in all the states discloses that only 10 states have enacted personal loan legislation specifically applicable to banks and that these existing laws differ widely.

Obviously something should be done by state legislatures to remove uncertainty in the mind of the banker, to make it possible for him to proceed legally in rendering a much-needed public service. To the credit of the American Bankers Association let it be said that the Association has already taken important steps toward the accomplishment of this objective.

#### WHAT'S THE BORROWER LIKE?

WHAT kind of a chap is this small loan borrower anyhow?

The bureau's survey gives us some interesting data on this point too. Borrowers are described in terms of their income, vocational and personal characteristics. The bulk of the bankers' business is confined to individuals whose income is from \$1,000 to \$1,500 a year upward. As shown in a later chapter of the survey, however, size of income does not seem to be an important factor in the collectibility of the loan, whereas number of years employed in one place and length of residence at one place are.

Wage earners and clerks make up 72½ per cent of bank borrowers from the occupational point of view. Managers, superintendents, foremen and proprietors add 20.4 per cent to this amount while school teachers and other professional classes total only 6.4 per cent.

A later chapter shows the excellent experience of bankers with these various occupational groups—surprisingly small percentages of delinquencies and defaults.

#### HOW TO RUN A PERSONAL LOAN DEPARTMENT

AS to methods of obtaining business, we are told that the best sources of new business are the recommendations of old bank customers, but many kinds of advertising and sales promotion campaigns are in current use.

Banks seem to prefer a special "personal loan department". Such special departments probably effect economies of operation and are desirable because of the different technique required and the speed with which service must be rendered.

An overwhelming majority of the banks seem to be able to hold their delinquent paper down to 0.9 of 1 per cent of outstanding loans. Charge-offs reported by 209 banks amounted to only 37/100 of one per cent of total personal loans outstanding in 1938.

A most interesting study of the factors affecting credit risk in personal lending offers much speculative material of value to credit examiners and authorizers. Insofar as I am aware, this study is unique and is perhaps one of the most valuable chapters in the book.

It emphasizes the value of many factors which credit men have long recognized and appreciated. It raises doubt as to the legendary value of other factors. All this is stimulating,

thought-provoking material which should carry the art of credit investigation and authorization to higher levels.

#### INCOME, EXPENSE AND PROFITS

THE study of customer charges is of local rather than general interest. The bulk of bank consumer credit business seems to be done on a 6 per cent discount basis. However, many banks are operating on a 5 per cent and some even on a 4 per cent basis or less. To each and every one of these I earnestly recommend that they analyze their operating costs and classify their volume by size of loan and maturity. When they get through with that analysis, I would like to know whether they remain satisfied with their 5 per cent and 4 per cent rates.

Chapter 7 of the survey carries forward the analysis of income, expenses and profits. The survey hastens to call attention to lack of uniformity in accounting practice, notably in the allocation of overhead. Much of the material here presented is, in my opinion, valuable only as further evidence of the pressing need for real cost analysis.

The survey points out that "there appears to be no broad agreement (among banks) as to the items which should be classified under 'general expense' . . . the problem becomes more complicated with increasing integration of the various departments of the bank . . . a bank is not likely to make a careful analysis of personal loan department costs unless that department carries a substantial volume of business." Yes, and how many banks have provided for future expense contingencies in their budgets? These loans aren't here today and gone tomorrow. They're going to be with you a good long time and you'd better be sure that you have set aside enough income to service these loans to their ultimate maturity date.

The study of commercial bank financing of consumer credit agencies contains some of the most reliable data available on the borrowings of 48 leading finance companies over a period of five years. One-third of the total drop in bank loans of 181 banks from 1937 to 1938 was accounted for by the decline in loans to consumer credit agencies. Loans by commercial banks to personal finance companies are shown to have enjoyed shorter maturities and higher rates of interest than those made to sales finance companies.

#### COMPETITION

FINALLY as to competition. It appears that there are wide differences in the rates charged by banks and those charged by consumer credit agencies. It is to be expected that competition will become keener. While banks are bidding for all kinds of consumer credit business it does seem as though their activity as a whole more closely parallels that of the industrial loan banks than that of sales finance companies. The fact that banks for the most part do not operate branches on a wide geographical basis as compared with sales finance companies and personal loan institutions operating on a national scale is an obvious handicap to the banker. He does not enjoy the wide spread of risk of the national companies and is more vulnerable to local business depressions. On the other hand, in my opinion, greater economy of operation may offset these disadvantages.

A wealth of other factual material is presented which adds to the monumental importance of the study. Bankers, other operators and research men will find it of practical value. No doubt can be left in anyone's mind as to what "all the shoot-in's fer" and Dr. John M. Chapman and his associates should be given high praise for a thorough job excellently done.

# A Museum in Wall Street



The banks of New York have shown keen interest in the establishment of the new Federal Hall Memorial Museum. The building departments of a few of the larger banks assisted in the actual laying out of the quarters, while a number loaned historical material for exhibition and provided financial support. The museum is housed in the old Sub-Treasury Building, the site of the first American Capitol under the Constitution.

*Below, the first coin minted by the United States Government, stuck in the head of a cane*



*Above, the Sub-Treasury Building in the basement of which the museum is located, with a view of Wall Street and some of the neighboring large bank buildings. On this site George Washington was inaugurated and the Congress, the Cabinet and the Supreme Court were organized*

*Right, an interior view of the museum, with a case of Washington treasures*



# Some Original Bank Jokes

Compiled by T. D. MACGREGOR

MARK TWAIN is supposed to have said that there are only 35 original jokes, all the rest being mere variations. Mr. MACGREGOR, compiler of bank name histories and stories of unusual town names in recent issues of BANKING, has gathered some original bank jokes, of which 20 are printed below. Have you heard these? If you've heard better ones, note the offer on page 3.

1. "Can you direct me to the Merchants Bank?" said a stranger to a small boy.

"Yes," said the boy, "you just follow me."

Upon arriving at the bank, the man asked, "How much do I owe you?"

"A quarter," said the boy.

"Isn't that a rather high fee?" said the stranger.

"No," replied the boy, "not for a bank director."

2. A man tried to borrow 50 cents from the proprietor of a newsstand in front of a bank building.

"No, I can't lend you any money," said the newsdealer.

"You see, I have an agreement with the bank whereby they won't sell any papers if I don't make any loans."

3. When the teller insisted that the young woman write an endorsement before getting a check cashed, she went over to the check counter and returned shortly, presenting the check with this written on the back of it: "I like this bank all right, but I think the teller is rather fresh."

4. A boy got a humble job in a bank. Upon returning home after his first day his mother asked him, "Well, Johnnie, how do you like banking?"

"I don't like it at all," said the boy. "I'm sorry I learned it."

5. A former bank loan officer upon his retirement invested in an automobile service station. He decided to inaugurate the service in person. When the first customer drove up and asked for ten gallons of gas, the ex-banker said: "Can't you get along with five gallons?"

6. On a Winter's vacation in Florida, Jones, a vice-president of a large New York bank, was introduced on the golf course to a Mr. Smith. The mutual friend: "You two men ought to meet since you are vice-presidents of the same bank."

7. "Where's the Second National Bank?" asked the stranger.

"I can't tell you," replied the native, "I don't even know where the First National Bank is."

8. "Do I understand that you refuse to pay your note?" asked the banker.

"Oh, no," replied the borrower, "I just refrain."

9. "Where are you from?" the bank receptionist asked the colored messenger.

"I'se the coon of Kuhn, Loeb & Co.," was the reply.

10. A woman depositor who was told that her bank account was overdrawn said: "I don't see how that can be because I still have two or three blank checks left in my checkbook."

11. In the old days when there still were occasional bank failures, a colored man in the line of depositors at the front door of the closed bank was quite excited.

"What is the matter with you?" a friend asked. "Haven't you ever heard of a bank busting?"

"Yes, sah," Rufus replied sadly. "I done heard of that all right, but this am the fust time I ever done had one bust right in ma face."

12. A bank auditor was working long overtime on a complicated report involving much figuring. "I wish I were a rabbit," he sighed. "Why," asked a co-worker. "Because I understand that rabbits multiply very rapidly."

13. "From my experience and observation," said the banker, "I have come to the conclusion that what the American businessman needs most today is more orders from customers and fewer from other people."

14. "My banker has put me back on my feet again."

"Did he renew your loan?"

"No," said the depositor, "but he foreclosed the chattel mortgage on my car."

15. "I've often thought I'd like to be in the manufacturing business," said a banker, bandying persiflage with a visitor.

"You're in it now," said the manufacturer, "since I can't pay my creditors or my notes at your bank."

16. Asked to endorse a check before depositing it, a woman customer wrote on the back of it, "I heartily endorse this check."

17. A colored man who had left some money with a friend was satisfied when he was told: "You ain't got no money here now. The intrus done et it up."

18. Teller: "You haven't dotted the 'i' in this endorsement."

Customer: "Well, you dot it."

Teller: "I can't. It has to be in the same handwriting."

19. In his will a testator who had been a heavy borrower wished to make the rather unusual request that six local bankers act as pallbearers at his funeral.

"Why are you doing that?" asked his lawyer.

"Well," was the reply, "those fellows have been carrying me for years and they might as well finish the job."

20. "I almost wish my husband hadn't died," said the new widow, weeping. "The bank won't give me any money until the estate is settled."



# Prospecting for a Gold Solution

By PAUL F. CADMAN

The author is Economist for the American Bankers Association.

\* \* \*

"When we have gold we are in fear; when we have none  
We are in danger."

JOHN RAY (1627-1705)

IN the decade just closed, the American public took an intensive course in political economy. Nearly every issue which has ever been raised over the production and distribution of wealth has been re-argued before the bar of public opinion.

It would be practically impossible to say when economics began. Some say it was the moment when man discovered that he could get food with less effort by using a tool. Others hold that the earliest primitive store of food was chapter one. It is at all times clear that economics is concerned with value. The age-old and eternal question is: What is a thing worth? The answer is just as ancient and just as persistent: It depends on how badly men want it, and what effort they will put forth or what sacrifice they will make to get it.

There is no time in recorded history when men have not valued gold. This is true for every corner of the earth where primitive civilization has left its story. The patterns of human thought, like the patterns of human behavior, are persistent. Men have valued gold so long that they are not likely suddenly to cease to value it. Reason might establish a demonstration that gold has no worth; but if men still want it, if they will still make an effort to get it, if they will still sacrifice to have and to hold it, and if its possession gives them power, gold still has value notwithstanding all of the reasoning and opinion of those who deny it.

We are in the presence, then, of a situation which is unique in history. When Alexander conquered Persia, he is said to have seized a treasury of gold valued at \$200,000,000. History is full of the names of princes and governors who have known the power of gold and have accumulated it for the sake of that power; but there is not a single instance in the entire written history of mankind where 532 million Troy ounces of gold have been brought under a single control. The value of this stock in terms of a monetary unit is quite as arbitrary as that just applied to the plunder taken by Alexander from Persia. It is said, however, that the American hoard is worth at the present writing \$18,835 million. This fact alone would account for the public interest in gold.

But the most elementary analysis straightway brings to light some curious data. The present generation in America is not familiar with gold as a monetary metal. The great majority of our people have never seen an American gold coin. They know gold principally as it appears in articles of adornment or in fillings and crowns for teeth. Nevertheless, the American public is talking about gold as it has not talked about any other economic agent in a very long while.

We are presented with what is variously called, "the gold problem", "the gold situation", "the gold issue", "the gold menace", "the golden curse", and a score of similar captions. Books appear with such titles as *America Weighs*

*Her Gold*, and *The Golden Avalanche*. Literally hundreds of monographs are published dealing with gold, its functions, its purpose, its place and its significance in our economy. In the great mass of opinion which ranges from the sheerest flights of fancy to the most scientific types of research, one is straightway faced with the difficulty of determining what constitutes a competent opinion. It is possible, in a certain degree, to eliminate those which are patently absurd. But then appears this noteworthy phenomenon: After carefully selecting 50 analysts, whose reputation for scholarship and integrity have been established—reasonable men who enjoy the confidence of their critics as well as their associates—we find a wide variety of opinion on practically every phase of the so-called "gold problem".

This apparent lack of agreement is patently an evidence that we are not dealing with a single issue but a very great number of interrelated issues. For example, what is the relation of the quantity of gold in the country to the general price level and to the price of money, which is to say, the interest rate? How has the establishment of an artificial price for gold stimulated the production of gold throughout the world? Does the increased quantity of newly-mined gold affect the value of the total monetary mass? If we have too much gold, to what is the "too much" related? If the gold hoard needs to be distributed, how shall this be accomplished, and with what effects? Have we actually demonstrated that we can get along without gold, or would this assumption break down if we gave away our gold? Have we cornered the world's best medium of exchange to the impoverishment of practically every other nation on earth? Is this perchance one of the principal causes of the present world conflict? These are only random samples from hundreds of questions that have been asked, the answers for all of which have stimulated intensive study.

What shall we do when the experts disagree? Before the gold problem can be solved, there must be some agreement as to what it is. The present prospecting does not follow the traditional pattern. It is a far cry from the donkey, the pick and the pan to the modern gold dredger plowing up forgotten river beds. We start with a recognition of certain facts:

1. Gold production is at its all-time high. The marginal mines, which could not possibly have been worked a decade ago, are in operation.

2. Gold still has better purchasing power than any other substance.

To these basic considerations, all the other issues are related.

To such an economic complex, there is now added a world war, waged on a scale never before imagined. It is certain that as that war continues, our gold hoard will increase; every problem connected with it will be accentuated; and the proposals for the "solution" will be multiplied.

---

*The opinions of 50 experts have been assembled, and, as points of difference and agreement are digested, they will be presented in subsequent issues.*

---

# A Mortgage Application Form

By CARL K. WITHERS

Mr. WITHERS, who originated the four-page mortgage application form reproduced below, is president of the Lincoln National Bank, Newark, N. J., and was formerly commissioner of

the New Jersey Department of Banking and Insurance. This form, an adaptation of those of 25 or 30 lending institutions, is designed to fit practically every type of mortgage.

**MORTGAGE APPLICATION**

The undersigned hereby makes application for a loan of \$\_\_\_\_\_ to be secured by a **FIRST MORTGAGE** on premises situate at:

STREET \_\_\_\_\_ TOWN \_\_\_\_\_ CITY \_\_\_\_\_ COUNTY \_\_\_\_\_  
 AVENUE \_\_\_\_\_

subject to the following terms of payment:

INTEREST—\_\_\_\_\_ per cent per annum  
 payable \_\_\_\_\_

PRINCIPAL—\$ \_\_\_\_\_ annually  
 payable \_\_\_\_\_

TAKES AND ASSESSMENTS—\_\_\_\_\_

**DESCRIPTION OF PROPERTY OFFERED AS SECURITY**

TYPE: ☐ Single ☐ Two-Family ☐ Three-Family ☐ Four-Family

CONSTRUCTION: ☐ Frame ☐ Brick ☐ Concrete ☐ Other \_\_\_\_\_

AGE: ☐ New ☐ Existing \_\_\_\_\_

Number of stories \_\_\_\_\_ Kind of roof \_\_\_\_\_

Number of rooms \_\_\_\_\_ Floors \_\_\_\_\_ Full Used \_\_\_\_\_

Number of families \_\_\_\_\_ Foundation \_\_\_\_\_ Plumbing \_\_\_\_\_

Garage: Attached \_\_\_\_\_ No. Cars \_\_\_\_\_ Construction \_\_\_\_\_

Gross Income \$ \_\_\_\_\_ Expenses \$ \_\_\_\_\_ Net Income \$ \_\_\_\_\_

**VALUATION AND TAX STATUS**

Owner	Amount	Unpaid Taxes and Assessments
Land \$ _____	\$ _____	\$ _____
Buildings \$ _____	\$ _____	\$ _____
Totals \$ _____	\$ _____	\$ _____

**GENERAL INFORMATION**

Property acquired for \$ \_\_\_\_\_ by cash \$ \_\_\_\_\_ Trade \$ \_\_\_\_\_ Mortgage \$ \_\_\_\_\_

Subsequent improvements Cost \$ \_\_\_\_\_ Contemplated improvements to cost \$ \_\_\_\_\_

Cost of labor performed or materials furnished during past four months \$ \_\_\_\_\_ Unpaid \$ \_\_\_\_\_

Total of present mortgage(s) \$ \_\_\_\_\_ Past due—Principal \$ \_\_\_\_\_ Interest \$ \_\_\_\_\_

Insurance in effect—Fire \$ \_\_\_\_\_ Tornado \$ \_\_\_\_\_ Liability \$ \_\_\_\_\_

It is understood that all necessary expenses in connection with the transmission of title, drawing papers and recording fees, will be paid by the applicant; including proper abstract of title or title policy and survey, if required.

Applicant further agrees, if the within loan is granted, to maintain provision to good report to pay all interest, taxes, assessments and other charges when due, and to permit inspection of the premises by representatives of the Bank at all reasonable times.

**NOTE: APPRAISAL FEE OF \$ \_\_\_\_\_ MUST ACCOMPANY APPLICATION.**

Signature \_\_\_\_\_ Address \_\_\_\_\_ Date \_\_\_\_\_ Phone No. \_\_\_\_\_

First page

Second page

**SUPPLEMENTARY INFORMATION**

**INDIVIDUAL**

Full name of applicant \_\_\_\_\_ Age \_\_\_\_\_

Full name of wife \_\_\_\_\_ Age \_\_\_\_\_

Dependents—number \_\_\_\_\_ Age \_\_\_\_\_ Age \_\_\_\_\_ Age \_\_\_\_\_

**EMPLOYMENT**

Name of Employer \_\_\_\_\_ Business \_\_\_\_\_

Address of Employer \_\_\_\_\_

Position Occupied with Employer \_\_\_\_\_

Name of superior \_\_\_\_\_ Title \_\_\_\_\_

Number of years in present employment \_\_\_\_\_

Previous employment \_\_\_\_\_ years \_\_\_\_\_

**IF IN BUSINESS FOR SELF—**

Form or trade name \_\_\_\_\_ When registered \_\_\_\_\_

Address \_\_\_\_\_ Phone No. \_\_\_\_\_

Name of business \_\_\_\_\_

Sole owner or partner \_\_\_\_\_

Number of years in business \_\_\_\_\_

Banking connections \_\_\_\_\_

**FINANCIAL RESPONSIBILITY**

Total assets—(Real estate, mortgages, cash, stocks, bonds, etc.) \$ \_\_\_\_\_

Total liabilities—(including within application) \$ \_\_\_\_\_

Estimated net worth \$ \_\_\_\_\_

Total annual salary, commission, or other regular income \$ \_\_\_\_\_

Other income, if any, source \$ \_\_\_\_\_

Less: Charges against income (including within application) \$ \_\_\_\_\_

Net average annual income \$ \_\_\_\_\_

Life insurance—\$ \_\_\_\_\_ net cash surrender value \$ \_\_\_\_\_

**CORPORATION**

Name of corporation \_\_\_\_\_ Address \_\_\_\_\_

Date of incorporation \_\_\_\_\_ Under laws of \_\_\_\_\_

Business \_\_\_\_\_

Authorized capital—preferred \_\_\_\_\_ shares \_\_\_\_\_ Outstanding \_\_\_\_\_ shares \_\_\_\_\_

common \_\_\_\_\_ shares \_\_\_\_\_ Outstanding \_\_\_\_\_ shares \_\_\_\_\_

Officers: \_\_\_\_\_ President—shares owned \_\_\_\_\_

Secretary \_\_\_\_\_ Treasurer \_\_\_\_\_

Have all Local, State, and Federal Taxes been paid to date? \_\_\_\_\_

NOTE:—If loan is to be made to a firm or corporation, correct financial statement should accompany application.

**ATTACH PHOTOGRAPH (FRONT VIEW)**

Size of lot \_\_\_\_\_ Feet \_\_\_\_\_

Lot No. \_\_\_\_\_ Block No. \_\_\_\_\_ Page No. \_\_\_\_\_

Nearest side streets \_\_\_\_\_

Neighborhood \_\_\_\_\_ Trend \_\_\_\_\_

Business \_\_\_\_\_ Improving \_\_\_\_\_

Residential \_\_\_\_\_ Static \_\_\_\_\_

Industrial \_\_\_\_\_ Declining \_\_\_\_\_

**ATTACH PHOTOGRAPH (SIDE OR REAR VIEW)**

Third page

Fourth page

**COMMITTEE RECOMMENDATION AND APPRAISAL**

I (we) the undersigned member(s) of the Real Estate Committee of \_\_\_\_\_ Bank of \_\_\_\_\_ have made a personal inspection of the property described in the within application and recommend a loan of \$ \_\_\_\_\_ based upon the following appraisal:

LAND: \_\_\_\_\_ front feet @ \$ \_\_\_\_\_ \$ \_\_\_\_\_

IMPROVEMENTS—House \_\_\_\_\_

Garage \_\_\_\_\_

Other buildings \_\_\_\_\_

TOTAL—Land and improvements \$ \_\_\_\_\_

Remarks: \_\_\_\_\_ Signed \_\_\_\_\_

\_\_\_\_\_ Signed \_\_\_\_\_

\_\_\_\_\_ Signed \_\_\_\_\_

**REPORT OF OFFICERS**

Checking account—opened — 19 \_\_\_\_\_ Average Balance \$ \_\_\_\_\_

Savings account—opened — 19 \_\_\_\_\_ Average Balance \$ \_\_\_\_\_

Safe Deposit Box—rented — 19 \_\_\_\_\_ Yearly rental \$ \_\_\_\_\_

Other relations \_\_\_\_\_

Recommendation: \_\_\_\_\_

Property inspected: \_\_\_\_\_ Signed: \_\_\_\_\_

**REFERENCE RECORD**

Application received \_\_\_\_\_

Referred to Executive Committee \_\_\_\_\_

Referred to Real Estate Committee \_\_\_\_\_

Approved by Executive Committee \_\_\_\_\_

Approved by Board of Directors \_\_\_\_\_

Referred to counsel \_\_\_\_\_

Committee: \_\_\_\_\_

Council: \_\_\_\_\_

# Pictures of the Month



F.P.G.



**FAIRS AGAIN**—About the time that "total war" opened up in Europe, Americans flocked to the reopening of their two fairs—the Treasure Island exposition in San Francisco and the New York World's Fair, the latter under the direction of Harvey D. Gibson, president of the Manufacturers Trust Co., New York. *Above, left*, a scene on Treasure Island. *Above, right*, Mr. Gibson (right) and Elmer, whose job it is to make fair-going folks feel at home



INTERNATIONAL



THOMAS FROM ASSOCIATED NEWSPAPERS



WIDE WORLD

**DEFENSE**—While a considerable sum has been spent on our defenses in the last seven years (the newspaper averages are seven billions), there is apparent shortage of men and matériel in every phase of the program. Recently, Washington officialdom became tremendously concerned about the matter and rode off in all directions. *Above, left to right*, U. S. soldiers in maneuvers (a blitzkrieg was tried out in Louisiana); a cartoon captioned "Inspection"; tests of a bullet-proof gasoline tank

**POLITICS**—For the first time since 1916 this year's political events will have to compete with a war for front page space. The convention winners will hope to call the dining room, *below, right*, their own for four years—at least



WIDE WORLD



INTERNATIONAL

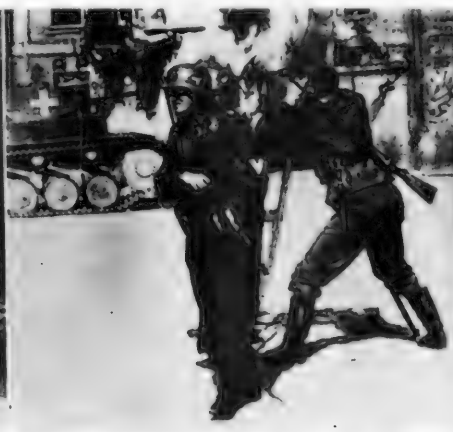


P. P. C. PHOTOS

**WAR COST**—To pay Britain's \$21,000,000 a day war expense, John Maynard Keynes, British economist (*above, left*) has a plan based on "deferred earnings", more bluntly called "forced savings", whereby British wage earners would make stipulated contributions to the war fund and would be repaid when the war is ended. This and other schemes will have to suit the master plan of Prime Minister Winston Churchill (*above, right*)



ACME



INTERNATIONAL

**NEWS**—As a striking contrast between war and peace, the two pictures above will do very well. *At the left* are Washington reporters at their "front"—the White House. *At the right* is a German news photographer at work, guarded by a German reporter. Both are in the army

**ENTANGLEMENT**—The 1881 cartoon *below*, where each hemisphere is telling the other to mind its own business, is always applicable. *Below, center*, is a Netherlands ship, seen down a lane of pipe lines, in one of Queen Wilhelmina's South American possessions, rich in oil resources. *Below, right*, two German scientists in Greenland, considered by many a perfect air base. Both of these foreign possessions might prove U. S. headaches



**HEARD WORK FOR EACH**  
New World: "Will you mind your own business?"  
Old World: "Try it yourself!"

HEALY COLLECTION



HARRIS & EWING



P. P. C.

**BANKING**





Rumania



Australia

INTERNATIONAL PHOTOS



Germany



Switzerland

P. P. C.



Italy

EUROPEAN



France

GUILLUMETTE



Great Britain

GUILLUMETTE



Belgium

ACME



Egypt

INTERNATIONAL



Russia

WIDE WORLD

Spain

Turkey

HEP! Above, a few pictures showing the employment situation in many countries. While estimates of men under arms become quickly out of date, the British Empire is said to have 2 million men under arms, exclusive of the air force and navy; France 2½ million, Germany 2½-3 million, and the smaller belligerents a few million more. Neutrality also requires large armies—in Europe. The present United States regular army is about 250,000 men



INTERNATIONAL PHOTOS

# American Citizenship



Above, part of the audience of 3,500 students in the Hollywood High School which heard one of the zone contests. Below, the contest winner, Miss Iola Whitlock, Shasta Union High School, Redding, receiving the championship trophy from L. H. Lopes, president of the Pajaro Valley National Bank, Watsonville, and chairman of the executive council, California Bankers Association, while E. V. Krick, vice-president and assistant cashier, American Trust Co., San Francisco, looks on



**F**OURTEEN thousand California high school pupils participated in a state-wide public speaking contest sponsored by the California Bankers Association on the significance of American citizenship.

The grand prize was a trip to Honolulu, plus a check for \$100 and the privilege of inviting a parent or other adult companion to share the fun of the vacation.

Second prize was a week's vacation at Camp Curry in Yosemite Valley, with a gold trophy and the guest privilege.

Winners of third and fourth places got vacation trips to California resorts while all ten contestants in the finals at San Francisco on May 17 received gold trophies.

The general theme for the discussions was "The Value of American Citizenship." Students were permitted to choose their subject from among several suggested by the Association under this main topic.

The chairman of the contest finals was William H. Waste, chief justice of the Supreme Court, State of California.

## CONTEST HAS WIDE INFLUENCE

"THIS program," said E. V. Krick, chairman of the association's contest committee, "has had a far reaching influence. Through its sponsorship, bankers of California have won acclaim from the men and women of their communities. Newspapers were generous with space and pictures in telling the story of each regional contest. Clearinghouses and groups of local bankers united in adding generous prizes to those provided by the association."

"Good will, shared by students, educators, bankers and the men and women of every community, has been an outstanding characteristic of this great American program."

Those taking part in the program that marked the finals included A. R. Thomas, president of the California Bankers Association; A. J. Gock, vice-president; and L. H. Lopes, chairman of the association's executive council. Entertainment was provided by members of the San Francisco Grand Opera Association. The exercises were held in the Veterans War Memorial Building, San Francisco.

Robert M. Hanes, President of the American Bankers Association, was one of the many prominent bankers to express approval of the contest.

"I wish to commend most enthusiastically," he said, "the public speaking program for the high schools of California. The salvation of our nation will be, I believe, in frank and free public discussions of all matters pertaining to the public welfare."

"You have started a most timely and worthwhile project," President Hanes told the California bankers. "I commend you on the forward step you are taking."







Loans

Investments

Operations

...and that's just the beginning  
of the Cashier's job

**I**N some banks, the cashier serves as treasurer ... in others, as combined loan officer, investment expert, and public relations man ... while in still others, he assumes supervision of operations, as well.

To lighten that burden, and to relieve him of much detail, thousands of banking institutions have installed Recordak photographic accounting systems.

Then he can be sure that bookkeeping and transit work will be handled at top speed, and with utmost accuracy. Photographic records are,

by their very nature, error-proof and complete.

He knows that photographic records protect him against the loss and publicity which would attend irregularities within his bank.

He knows, too, that he can count on substantial savings—up to 45% net in per item cost, 50% on supplies, 98% on storage space.

Recordak Systems require no capital outlay; the machines are rented, not sold. For further information regarding Recordak, write Recordak Corporation, Subsidiary of Eastman Kodak Company, 350 Madison Avenue, New York, N.Y.



**Bank Model Recordak.** Rental \$25 per month. For speeding up the transit operations and for photographing paid checks for the protection of banks and depositors.

**Reversible Recordak.** Rental \$30 per month. Photographs both sides of checks and larger bank forms at a single operation—and does this at lightning speed.

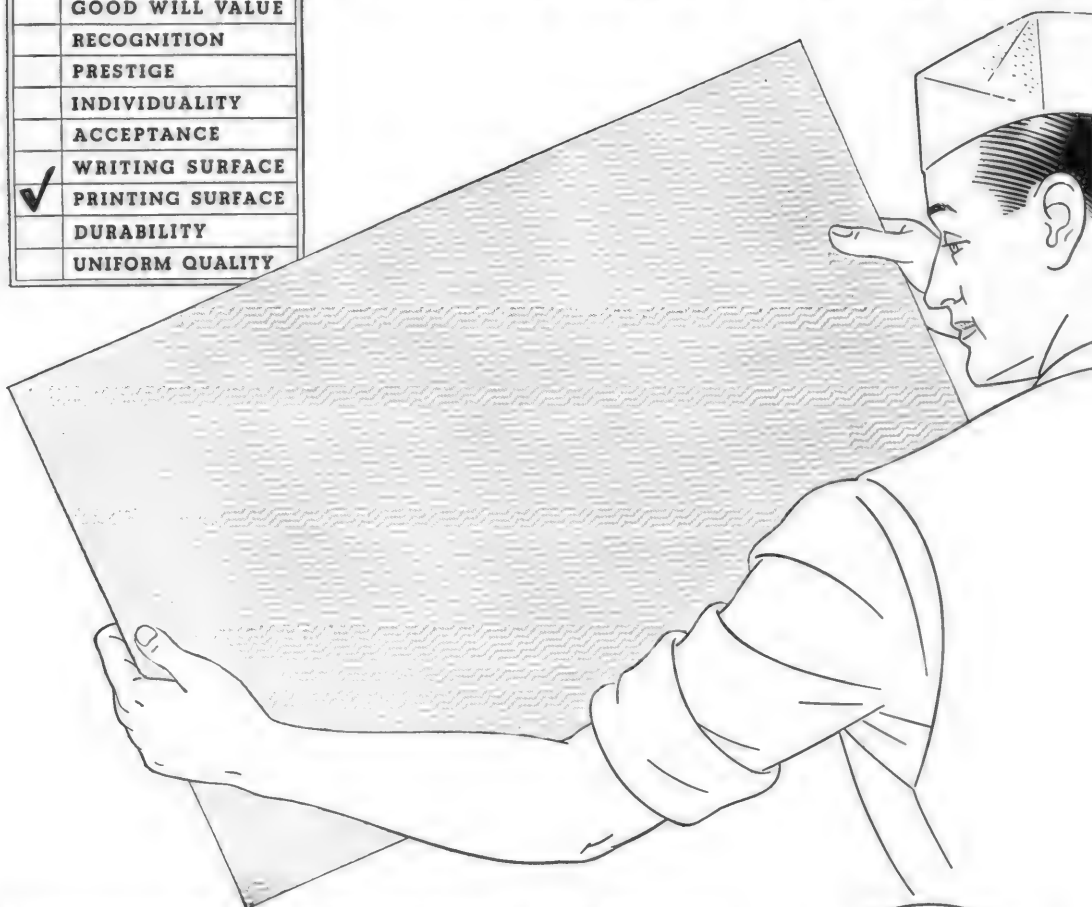
**Recordak Junior.** Rental \$12.50 per month. For smaller banks, and special departments of large banks (tellers' cages, safe deposit vaults, trust and filing departments, etc.).

**Commercial Recordak.** Rental \$30 per month. For photographing all bank forms. Widely used for the Recordak system of single posting and other specialized applications.

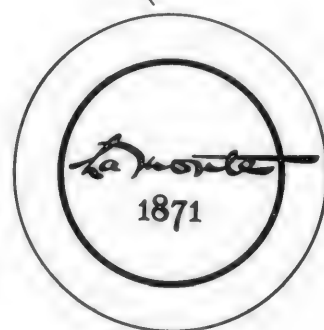
**RECORDAK PHOTOGRAPHIC ACCOUNTING SYSTEMS**

REASONS WHY BANKS PREFER LA MONTE SAFETY PAPERS	
<input type="checkbox"/>	PROTECTION
<input type="checkbox"/>	GOOD WILL VALUE
<input type="checkbox"/>	RECOGNITION
<input type="checkbox"/>	PRESTIGE
<input type="checkbox"/>	INDIVIDUALITY
<input type="checkbox"/>	ACCEPTANCE
<input checked="" type="checkbox"/>	WRITING SURFACE
<input checked="" type="checkbox"/>	PRINTING SURFACE
<input type="checkbox"/>	DURABILITY
<input type="checkbox"/>	UNIFORM QUALITY

## PRINTING SURFACE



Lithographers and Printers know that the quality of their work depends largely upon the printing surface of the paper. They recommend La Monte Safety Papers because they know they will be able to turn out checks and other negotiable instruments that will defy alteration and of which everyone can be proud.



**GEORGE LA MONTE & SON, NUTLEY, N. J.**

# Simplified Forms

## Save Time and Money

**T**HE functions of the bookkeeping department are: (1) posting and balancing the checking accounts of individuals, partnerships and corporations; (2) sorting checks and deposit tickets into account order; (3) examining checks and deposit tickets for irregularities; (4) recording and accounting for stop-payment orders and overdrafts; (5) filing checks and deposit tickets; (6) rendering statements to depositors.

### Bookkeeping Systems

**T**HE systems of bookkeeping in general use will usually fall within one of the following classifications: (1) dual posting system; (2) carbon single posting system; (3) Recordak single posting system.

These will be discussed below in the order named.

### Dual Posting System

**T**his system consists of posting the bank's record (ledger) and the depositors' statements in separate operations. The *statement clerks* post daily the same checks and deposits to the depositors' *statements* as the *bookkeepers* have posted previously to the depositors' *ledger sheets*. The accuracy of the ledger posting is corroborated by the statement posting. The ledger sheets and the statement sheets, although kept in separate binders or trays, are governed by the same control. Ordinarily, the ledgers and statements are posted two or three times each day, or as often as the volume of work justifies. Effort should be made to post only once each day, if practicable, as obviously this will reduce the total amount of time required to post.

#### EXAMINATION OF CHECKS

THE bookkeeping department should examine each check for irregularities before charging it to the customer's account. This examination is made with a view to ascertaining (1) that the signature is regular and genuine, (2) that the check is properly endorsed, (3) that the item is not post-dated or unduly ante-dated, (4) that the check is regular on its face and contains no alterations, (5) that no stop-payment order or special instructions are applicable, (6) that the drawer's collected balance is sufficient to pay the check.

#### POSTING AND PROVING STEPS

The steps necessary to post and prove ordinarily are:

1. Daily: (a) Examine and sort checks and deposits. (b) Post to ledger sheets. (c) Prove the postings by making up test sheet—that is, plus and minus the old and new balances on the accounts that moved. (If "front feed" machine is used, this operation is not necessary). (d) Post to statement sheets. (e) Compare balances on statements with balances on ledger sheets, for the accounts

#### DISCUSSION INVITED

**THE** keynote of President Hanes' program of ACTION this year is "Know Your Bank". This nation-wide study of simplified operating forms—comprehensively reported each month in *BANKING*—is something very close to the center of the Hanes program.

This discussion of forms began in January and will continue in future issues of *BANKING*.

The material this month is again taken from a study, *Standard Forms and Systems as Suggested by the Virginia Bankers Association*.

that moved. (If "front feed" machine is used it is necessary only to compare accumulated total of new balances for statements with that for ledger sheets). (f) Cancel and file checks. (g) File deposit tickets.

(NOTE: A trial balance of ledgers should be taken at least once a week.)

2. Monthly (or as often as statements are rendered): (a) Balances on statements are compared with balances on the ledger sheets, before rendering statements. (b) Stubs showing old balances are detached from the statements. (c) Balances are transferred to the next month's statements. (d) Checks are counted and the total is compared with the total number of charges as shown on the statement. (e) Statements and checks are placed in line for delivery or mailing.

(NOTE: Statements should be rendered on each account at least once a year.)

#### RETURN ITEMS

ITEMS on which payment is to be refused should be laid aside to be returned to the last endorser. Ordinarily, such items are not actually returned until the close of business, unless clearinghouse practices or other circumstances require otherwise. In some cases, it is customary, as a matter of courtesy, for the bank to notify the drawer and await receipt of a deposit, etc., before returning. In any event all return items should be disposed of daily, if possible. A record (Illustration A) should be kept of all items returned.

#### OVERDRAFTS

PAYMENT of all checks in excess of the drawer's collected balances should be approved by an officer of the bank. A list of overdrafts showing dates incurred should be prepared daily in order that attention may be given to their elimination.

#### FILING CHECKS AND DEPOSITS

CANCELLED checks (and debits) are filed under the name of respective drawers. These checks (and debits) are returned to the respective drawers in statements.

After deposit slips have been posted to depositors' accounts, and have been used for analysis purposes, they are filed in alphabetical order each day and retained permanently by the bank.

#### TYPES OF BOOKKEEPING MACHINES

UNDER the dual posting system, both "back feed" and "front feed" machines are in general use.

On the "back feed" type machine, the ledger sheet is inserted from the back of the platen by means of an injector lever. The bookkeeper first picks up the "old balance" and then posts debits and credits. The machine calculates and prints the "new balance" but it does not accumulate totals. The machine is clear after each operation. A daily old and new balance proof is, therefore, necessary to prove the postings for the day. Since the "back feed" machine does not permit the use of a journal sheet, it is necessary that the "old balance" be printed on both the ledger and statement sheets.

On the newer type "front feed" machine, the ledger sheet or statement sheet (Illustrations 1 and 3) is inserted from the front and may be easily aligned into posting position with one hand. On this machine also, the bookkeeper first picks up the "old balance" and then posts debits and credits. The machine has the following additional features:

1. Accumulates three totals: total debits, total credits, total of new balances.
2. Permits the use of a journal sheet (Illustrations 2 and 4), thereby facilitating the correction of errors in posting and eliminating the necessity of posting the "old balance" on the ledger and statement sheets.

These features operate to advantage, in that:

1. The accumulation of separate totals for debits and credits enables the bookkeeper to ascertain readily whether errors in posting were made in the checks, deposits or old balances. (See Illustrations 1, 2, 3, 4).
2. It is not necessary to take a daily old and new balance proof in order to prove postings.
3. The journal sheet provides a record of the transactions posted, in order of posting. This simplifies calling back for errors and eliminates the necessity for handling the individual sheets.

#### TYPES OF SHEETS

ORDINARILY, the ledger sheets and the statement sheets contain (1) a column at the left for "old balances", (2) three columns for posting checks, (3) one column for posting deposits, (4) a column at the right for "new balances".

Statistics show that about 75 per cent of the number of accounts that move have only one or two checks daily. Economy in stationery and speed in posting will result if a sheet is used having a "two-check" position instead of three.

If the "front feed" type machine is used, the "old balance" column can be eliminated entirely by posting this information on the journal sheet.

#### TYPES OF LEDGERS

EITHER one of two types of ledgers is used, namely: (1) ledgers in binder form, or (2) movable trays, properly indexed, which provide for the vertical filing of the ledger sheets.

The latter type is the most efficient and in most general use.

### Carbon Single Posting System

THE carbon single posting system, now used by some banks, possesses definite advantages over the dual posting system. The distinguishing feature is that the statement and ledger sheets are posted in one operation by the use of carbon paper. The disadvantages are that, unless an exceptionally high grade of carbon paper is used, the statement will have a smudgy appearance, and naturally the double sheet with carbon paper is from two to three times more expensive than an ordinary single sheet.

#### EXAMINATION OF CHECKS

EXAMINATION of checks for irregularities before paying is the same as outlined under the dual posting system.

#### SIGHT POSTING

UNDER this system the checks and deposit tickets are "visually" or "sight posted" before being physically posted. In "sight posting", some person other than the bookkeeper who physically posts compares the items chargeable to each customer's account with the customer's balance plus any current day's deposit. The sheets affected by check or deposit activity are offset. "Sight posting" permits the bank to reject payment of items without physically posting; furthermore, "sight posting" enables physical posting to be deferred until all the work is in hand.

#### PRE-LIST

A "PRE-LIST" is an adding machine list of the balances of the sheets which have been offset in "sight posting". (The "pre-list" is prepared by some person other than the bookkeeper who physically posts.) After the "pre-list" has been run, the sheets offset in "sight posting" are returned to their normal position in the tray. To the "pre-list" total for a given ledger (or control) there is added the total of the day's credits, as determined by the proof and transit department, and there is subtracted the total of the day's debits, as determined by the proof and transit department. The result represents the figure which should be settled to when physical posting is completed. (See Illustrations 5, 6 and 7.) In order to settle to this pre-determined figure, the bookkeeper, in physically posting, must select the same sheets as were originally offset in the "sight posting" operation. Selecting the same sheet twice, by different persons, insures posting to the proper accounts, and establishes the same type of proof as obtained under the dual posting system.

#### POSTING AND PROVING STEPS

THE steps necessary to post, prove, and otherwise handle the work to conclusion, ordinarily are:

1. Daily: (a) Sort checks and deposits. (b) Sight post. (c) Prepare pre-list. (d) Return offset sheets to normal position. (e) Physically post. (f) Prove the physical posting by comparing the pre-determined total of new balances with the "front feed" machine—accumulated total of new balances. (NOTE: If a "back feed" machine is used, it will be necessary for the bookkeeper to run the new balances). (g) Cancel and file checks. (h) Verify postings of all deposits. (i) File deposit tickets after they have served analysis purposes.

(NOTE: A trial balance of ledgers should be taken at least once a week.)

2. Monthly (or when statements are rendered): (a) Detach carbon copy of sheet from the original. (b) Transfer balances to the next month's sheets. (c) Count and compare



actual checks and number of charges on statements. (d) Place original or carbon copy and checks in line for delivery or mailing. (e) Retain carbon copy or original as permanent record of the account.

NOTE: Statements should be rendered on each account at least once a year.

#### OTHER OPERATIONS

THE handling of return items and overdrafts, filing checks and deposits and factors relating to type of bookkeeping machines are the same as outlined under the dual posting system.

#### TYPES OF SHEETS

AS explained, this style sheet is the fold-over type with carbon paper inserted. If the "back feed" machine is used a column will appear on the sheet for "old balance". If the "front feed" machine is used the "old balance" column is not required, as the "old balance" may be shown on the journal sheet (Illustration 6). In any event, economy and efficiency demand that the sheet have a "two-check" position instead of three.

#### TYPE OF LEDGERS

UNDER this system it is desirable to have movable trays properly indexed, in which to file the ledger sheets. As the sheets are double, an ordinary binder is not entirely practical.

### Recordak Single Posting System

UNDER this system, the checks and deposit tickets are posted only to the depositors' statements; no depositors' ledgers are maintained. Each day the checks paid are photographed in alphabetical order. At the end of the month, the statements are photographed in alphabetical order. The statement film (and a new balance stub detached from the statement sheet) comprise the bank's permanent ledger record.

#### THE RECORDAK

THE Recordak is a machine which photographs on a 16 mm. film objects such as checks, statements, etc. A 200-foot roll of film will hold about 12,000-16,000 check-size items or about 4,000-5,000 statement-size items. The film is sent to the Recordak laboratory to be developed and returned for filing. Any item appearing on the developed film may be seen by inserting in a projector (which is provided), and if necessary a print similar to a photostat may be made.

#### EXAMINATION OF CHECKS

EXAMINATION of checks for irregularities before paying is the same as under the dual posting system and the carbon single posting system.

#### OTHER OPERATIONS

SIGHT posting, pre-list, and posting and proving are the same as outlined under the carbon single posting system.

#### PHOTOGRAPHING THE CHECKS

AFTER the work has been physically posted and settled, all

checks (and debits) should be run through the Recordak. This provides the bank with a photographic record (in daily and alphabetical order) of all debits to depositors' accounts. On accounts that have daily activity of seven or more checks, the checks may be posted as one item by listing them individually on an adding machine tape and posting the total of the list. In such cases, the bank should photograph the list and the checks.

#### OTHER OPERATIONS

RETURN items, overdrafts and filing of checks and deposits are handled in the manner outlined under the dual posting and the carbon single posting systems.

#### TYPES OF BOOKKEEPING MACHINES

EITHER the "front feed" or the "back feed" machine may be used. However, the "front feed" machine is better adapted to this system, in view of the features already presented in the discussion under the dual posting system.

#### TYPES OF SHEETS

THE sheet (Illustration 7) used under this system should contain: (1) two columns for checks, (2) one column for deposits, (3) a column for new balances, (4) a stub on the right on which the new balances may be duplicated. This stub shows the name of the account.

NOTE: The stub which is detached when rendering statements is used for transferring balances to new statements and for analysis purposes, and then filed permanently as bank's record. It is possible to reconstruct any account in detail from the stub inasmuch as the bank has a record of the daily balances, photographs of the checks paid, the deposit tickets, and the daily journal sheets (Illustration 6). These records are in addition to the statement film previously described.

#### TYPE OF LEDGER

THE binder type ledger may be used under this system, but the tray type is to be preferred.

### Miscellaneous

STATISTICS show that 350 to 400 out of each 1,000 to 1,200 active accounts may be expected to move each day. Inasmuch as a bookkeeper should be capable of posting 350 to 400 accounts daily, it follows that each ledger control should contain 1,000 to 1,200 active accounts.

Inactive or dormant accounts should be removed from the active ledgers at least once a year, and set up under the separate general ledger control for dormant accounts. Should dormant accounts so transferred later become active accounts, they should be reinstated to the active ledgers.

Accounts involving checks on which payment has been stopped should be "flagged" conspicuously. An effective method is to place immediately in front of the account affected a "stop payment" sheet, the same size as the ledger sheet but of a different color. This "stop payment" sheet contains a complete description of the check on which payment has been stopped.

ILLUSTRATION A. The actual size of this form is 8½" x 11"

RECORD OF DISHONORED AND RETURNED CHECKS					19
NAME	AMOUNT	PAYEE	REASON	RETURNED TO	

(JOURNAL PROOF)

DEBIT	CREDIT	DATE	DEBIT	CREDIT
480.78	80.00	JAN 9 '39	878.00	
883.90	78.00	JAN 9 '39	888.00	
886.80	100.00	JAN 9 '39	879.00	
68.87	8.91	JAN 9 '39	801.88	
800.00	8.00	JAN 9 '39	818.00	
	880.00			
	881.19			
	1,170.86			
	8,878.07			

THE BLANK BANK  
BLANKVILLE, VA.

MR. JOHN DOE  
BLANKVILLE  
VIRGINIA

CHECKS IN DETAIL	DEPOSITS	DATE	BALANCE
BALANCE BROUGHT FORWARD			
80.00	188.00	JAN 1 '38	800.00
100.00	78.00	JAN 9 '38	678.00
78.00	100.00	JAN 9 '38	800.00
8.00	8.00	JAN 9 '38	818.00

(JOURNAL PROOF)

DEBIT	CREDIT	DATE	DEBIT	CREDIT
480.78	80.00	JAN 9 '39	878.00	
883.90	78.00	JAN 9 '39	888.00	
886.80	100.00	JAN 9 '39	879.00	
68.87	8.91	JAN 9 '39	801.88	
800.00	8.00	JAN 9 '39	818.00	
	880.00			
	881.19			
	1,170.86			
	8,878.07			

THE BLANK BANK  
BLANKVILLE, VA.

MR. JOHN DOE  
BLANKVILLE  
VIRGINIA

CHECKS IN DETAIL	DEPOSITS	DATE	BALANCE
BALANCE BROUGHT FORWARD			
80.00	188.00	JAN 1 '38	800.00
100.00	78.00	JAN 9 '38	678.00
78.00	100.00	JAN 9 '38	800.00
8.00	8.00	JAN 9 '38	818.00

NUMBER OF VOUCHERS RETURNED  
KEY - LIST = LIST OF CHECKS

THE LAST AMOUNT IN THIS COLUMN IS YOUR BALANCE

Above, left, ILLUSTRATION 1 (ledger sheet, 8½" x 11") and ILLUSTRATION 2 (journal sheet, 15" x 24").  
Above, right, ILLUSTRATION 3 (statement sheet, 8½" x 11") and ILLUSTRATION 4 (journal sheet, 15" x 24").  
These are dual posting forms (front feed machine)

RECEIPT

AMOUNT	DATE	BY	FOR
18.00	18.00	50.00	50.00
16.87	2.00	5.11	23.00
89.00	107.09	78.00	87.90
180.00	3.96	87.33	78.00
3.87	87.50	84.78	145.00
	8.00	8.00	800.00
309.84	100.00	170.78	817.89
	880.00		
	881.19		
	1,170.86		

BLANKVILLE, VA. January 9, 1939 NO. 7

THE BLANK BANK

PAY TO THE ORDER OF Mary Roe \$ 5.00

Five and no/100 DOLLARS

John Doe

BLANKVILLE, VA. January 9, 1939 NO. 8

THE BLANK BANK

PAY TO THE ORDER OF Blankville Grocery Company \$ 52.50

Five Hundred Fifty and no/100 DOLLARS

John Doe

DEBIT	CREDIT	DATE	DEBIT	CREDIT
18.00	18.00	50.00	50.00	
16.87	2.00	5.11	23.00	
89.00	107.09	78.00	87.90	
180.00	3.96	87.33	78.00	
3.87	87.50	84.78	145.00	
	8.00	8.00	800.00	
309.84	100.00	170.78	817.89	
	880.00			
	881.19			
	1,170.86			

Left and below, ILLUSTRATION 5. Single posting proof and forms. (Front of the proof and transit sheet at left, back of sheet below. Actual size 10½" x 13¼")

CREDITS

DEBIT	CREDIT	DATE	DEBIT	CREDIT
18.00	18.00	50.00	50.00	
16.87	2.00	5.11	23.00	
89.00	107.09	78.00	87.90	
180.00	3.96	87.33	78.00	
3.87	87.50	84.78	145.00	
	8.00	8.00	800.00	
309.84	100.00	170.78	817.89	
	880.00			
	881.19			
	1,170.86			

BLANKVILLE, VA. January 9, 1939 NO. 7

THE BLANK BANK

PAY TO THE ORDER OF Mary Roe \$ 5.00

Five and no/100 DOLLARS

John Doe

BLANKVILLE, VA. January 9, 1939 NO. 8

THE BLANK BANK

PAY TO THE ORDER OF Blankville Grocery Company \$ 52.50

Five Hundred Fifty and no/100 DOLLARS

John Doe

DEBIT	CREDIT	DATE	DEBIT	CREDIT
18.00	18.00	50.00	50.00	
16.87	2.00	5.11	23.00	
89.00	107.09	78.00	87.90	
180.00	3.96	87.33	78.00	
3.87	87.50	84.78	145.00	
	8.00	8.00	800.00	
309.84	100.00	170.78	817.89	
	880.00			
	881.19			
	1,170.86			

(OLD BALANCES)

450.75  
331.90  
836.50  
49.87  
500.00

50.00- 75.00- 600.00  
25.00- 100.00- (268.91)  
3.91- 87.53-  
64.75- 301.33  
(5.00-) (250.00-)

JAN 9'39  
JAN 9'39  
JAN 9'39  
JAN 9'39  
JAN 9'39

875.00\*  
325.00\*  
475.00\*  
390.00\*  
(245.00\*)

JAN 9'39  
JAN 9'39  
JAN 9'39  
JAN 9'39  
JAN 9'39

925.75\*  
475.81\*  
745.06\*  
286.45\*  
(245.00\*)

(TOTAL CHECKS)  
661.19\*

(TOTAL DEPOSITS)  
1,170.24\*

(TOTAL NEW BALANCES)  
2,678.07\* €

THE BLANK BANK  
BLANKVILLE, VA.

MR. JOHN DOE  
BLANKVILLE  
VIRGINIA

MR. JOHN DOE  
BLANKVILLE  
VIRGINIA

— RETAIN —  
PERMANENT LEDGER RECORD OF

{ PLEASE EXAMINE STATEMENT AT  
ONCE, IF NO ERRORS ARE RE-  
PORTED IN TEN DAYS THE ACCT.  
WILL BE CONSIDERED CORRECT. }

CHECKS IN DETAIL	DEPOSITS	DATE	BALANCE	BALANCE
BALANCE BROUGHT FORWARD				
50.00- 125.00-	500.00	JAN 1'39	500.00*	JAN 1'39 500.00*
100.00- 75.00-	150.00	JAN 3'39	475.00*	JAN 3'39 475.00*
75.00- 25.00-	300.00	JAN 5'39	500.00*	JAN 5'39 500.00*
(5.00-) (250.00-)		JAN 9'39	(245.00*)	JAN 9'39 (245.00*)

(PRE-LIST)

.00\*  
450.75  
331.90  
836.50  
49.87  
500.00

2169.00\* (TOTAL OLD  
BALANCES)

661.19- (LESS TOTAL  
CHECKS)

1170.24 (PLUS TOTAL  
DEPOSITS)

2678.07\* (THIS TOTAL SHOULD PROVE  
WITH NEW BALANCES  
STRUCK ON JOURNAL)

*This data used  
for analysis  
purposes*

NUMBER OF VOUCHERS RETURNED \_\_\_\_\_  
KEY — LST — LIST OF CHECKS

THE LAST AMOUNT IN THIS  
COLUMN IS YOUR BALANCE

AVERAGE BAL. \$ 300.00  
NO. OF ITEMS 11

THIS STATEMENT IS FURNISHED INSTEAD OF BALANCING YOUR PASS BOOK. IT SAVES YOU THE TROUBLE OF  
BRINGING YOUR PASS BOOK TO THE BANK AND WAITING FOR IT TO BE BALANCED. THESE STATEMENTS WILL  
BE FOUND VERY CONVENIENT TO CHECK UP AND FILL.  
USE YOUR PASS BOOK ONLY, AS A RECEIPT BOOK WHEN MAKING DEPOSITS

ILLUSTRATIONS 6 and 7. Single posting journal proof and ledger  
and statement sheet. The former is 15" x 24" and the latter 9" x 11"

# Your Taxes

By DONALD HORNE

*The author, a member of the New York Bar, has been a specialist in tax law for many years, was formerly special attorney for the Bureau of Internal Revenue, later tax counselor for the Institute for Economic Research, and a contributor to the New York Times, Wall Street Journal, Review of Reviews, Tax Magazine, Management Review and other publications.*

## Capital Gains Tax Awry

WHEN a lessee erects a building upon his lessor's land, it becomes, legally, part of the real estate, and the lessor's capital is enhanced in value by the addition. In the recent case of *Helvering v. Bruun*, decided March 25, 1940 (referred to in the May issue of *BANKING*) the Supreme Court held that the resultant increase in value at the time of the termination of the lease, whether because of lapse of the stated period of the lease, or earlier because of default on the part of the tenant, was taxable to the lessor as income for the year in which such termination occurred. Yet the gain thus held taxable was not, at such termination, severed or derived from the capital, but had become and remained an integral part of it, and there was no realization of gain, as that term has previously been understood.

The potential effects of this decision are alarmingly expansive. The standard definition of income, repeatedly stated by the Supreme Court, is "gain derived from capital, from labor, or from both combined, provided it be understood to include profit gained through sale or conversion of capital assets." *Merchants Loan & Trust Company v. Smietanka*, (1921) 255 U.S. 509. Emphasis was placed on the word "derived", which was interpreted, in *Eisner v. Macomber*, (1920) 252 U.S. 189, to mean severed from the capital. In the *Bruun* case, the Supreme Court indicated that such interpretation was to be confined to stock dividends and similar transactions.

If derivation, or severance from the capital, is not required as a general rule, but only in a limited class of cases, the implication is that sale or exchange of an asset does not render the gain thus derived taxable income, for the reason that it previously became taxable income at the time when the appreciation which it represents took place. Congress cannot change a fact by legislation, and therefore cannot properly tax as income of the year of realization what was actually income of the year of appreciation.

The decision gives rise to perplexing but fundamental questions which need elucidation. What is the justification for taxing the gain represented by the value of a building at the termination of the lease, a date intermediate between the actual appreciation and the realization thereof? Nothing occurred on this date except that the lessor took possession of his own property from which he was no longer paid for abstaining. Also, is there reasonable basis for classification for abandoning the test of derivation, or severance from the capital, in this class of transactions and adhering to it in other capital transactions?

## National Bank's Protection Intact

THE immunity of national banks from state taxation except to the extent that it is waived by Congress was not impaired by anything said by the Supreme Court of the United States in *Graves v. New York ex rel. O'Keefe*, U. S. —, decided March 27, 1939. This conclusion seems justified by the language of the opinion of that Court just rendered (April 22, 1940) in *The Colorado National Bank of Denver v. Homer F. Bedford*, as Treasurer of the State of Colorado, involving a state tax on safe deposit services of banks, including national banks.

The Supreme Court indicated that national banks are instrumentalities of the Federal Government, even in rendering safe deposit services, and that their operations are free from state taxation except as Congress may permit.

The case of *Graves v. New York ex rel. O'Keefe* cast doubt upon the basis of constitutional immunity of national banks from state taxation, in that an inference might be drawn from that decision that no such immunity for any Federal instrumentality exists unless specifically claimed by Congress. It was upon this ground that Federal employees were held not exempt from state income taxation. Previously, it had been universally supposed that national banks were entirely exempt from state taxation, and that section 5219 R.S. (12 U.S.C. 548) conferred limited authority upon states to tax national banks and thus partially waived the inherent immunity of such banks. If the exemption were not absolute, as supposed, subject to waiver by Congress, but had to be claimed by Congress to be effective, the power of states to tax national banks would have been inherent, and the claim of exemption would have been subject to review by the courts, and valid only to the extent deemed necessary by Congress and the courts to prevent encroachments by the states on Federal powers and functions. The naturally ensuing question was whether state taxation of national banks other than according to the alternative methods prescribed by section 5219 R.S. *actually* and *substantially* would interfere with the exercise of any Federal power or function.

\* \* \*

The Supreme Court might have decided the *Colorado National Bank* case without mention of this problem, or of section 5219, R.S., by merely saying that the tax was on the bank's customers, not on the bank, and therefore not prohibited by any legislation. This is what the Court did hold, but it took the trouble to review the powers of national banks, to say that these powers included safe deposit business (citing *Paton's Digest*, 1926, Vol. 2, p. 2246), that a tax on a national bank, based upon its safe deposit business would be invalid, and that national banks are free from state taxation except as Congress may permit.

While these statements are labeled assumptions, in the opinion, their significance is that they were not necessary to the decision, and although technically they rank as *dicta*, they probably would not have been included if they had not had the approval of the Court.





## Both are cases for **INSURANCE!**

A merchant cannot feel safe about his window display unless he has adequate plate glass insurance. Having it, however—and having it with a reliable company—he is assured of quick *replacement service* following breakage, without cost or trouble.

☆

A property owner is just as needful of protection, though perhaps of a different type. For an accident on his premises may mean injury or damage, then a claim, then judgment,

then loss. Adequate insurance prevents loss to the insured, because it has already assumed his risk.

☆

Every loss that is not insured proves the need for supervised selection of coverages. This is available through a competent local agent thoroughly schooled in insurance and familiar with your special needs. Representatives of American Surety and New York Casualty Companies—conveniently near you—fit this requirement.

**PREVENT—DO NOT LAMENT LOSS!**

**AMERICAN SURETY COMPANY  
NEW YORK CASUALTY COMPANY**

HOME OFFICES: 100 Broadway, New York

Both Companies write fidelity, forgery and surety bonds and casualty insurance.

# Staff Conference Methods

By WILLIAM POWERS

Mr. POWERS is Director of Customer Relations of the American Bankers Association.

IN continuing the discussion opened under the general heading of "Building Banking Business" in the May issue of *BANKING*, it might be profitable to review briefly conference methods used by banks which were interviewed in the survey just completed by the American Bankers Association. Apparently there are many methods and variations of methods that can be used to advantage. The details of most of them will be included as supplementary material in the merchandising course which the American Bankers Association will have ready for its members in September.

The class method, at least for part of the staff members' instruction in producing and selling bank services, is important enough to find a place in every conference plan. In its use sessions are usually limited to an hour, with half the time devoted to presentation by the instructor and the remainder of the period given over to general discussion. In cases where the instructor has difficulty in expressing himself in formal speech, the class sessions are entirely taken up with questions and answers—the questions being submitted either orally or in writing. For promotion of interest in discussion or quiz periods, leading questions are planted in the group or presented by the discussion leader. In a few of the banks a typed record is made of all the material used in the meetings, and copies are given to the class members for future reference.

## SKITS ARE HELPFUL

SKITS have been successful in a number of banks, especially when used for the purpose of illustrating the correct approach to customer contact and public relations problems. In one bank, each conference group had its own dramatic cast which presented skits, devised by themselves to meet local situations or based on script furnished by the committee in charge of the general plans for the meetings. It was always made clear that the playlets were merely suggestive and were not intended to be considered as attempts to put actual words into the mouths of contact people. A typical meeting would include a mental exerciser (true and false quiz), elaboration of some point in the bank's merchandising plan, dramatization of a situation, and discussion of a policy, an operation or a regulation. At the conclusion of one series of such conferences, many of the employees wrote short statements on what the discussions had done for them. Some of these essays were requested by group leaders but most of them were submitted voluntarily by the group members.

A sound film, illustrating suggestions for improvement of customer relations through proper use of the telephone, was made and used by a large mid-western bank and has been borrowed by other banks in that territory. Wherever the film has been shown in staff meetings the results seem to have been very satisfactory.

Reading assignments in historical works, current maga-

zines, newspapers, financial publications, trade journals, statistical bulletins, and economic reviews have been satisfactorily used with senior people in several smaller banks.

Regular meetings of employees in their own departments are quite common, but some of the banks use these departmental meetings more extensively than others as part of their customer relations and business development program.

Round table conferences running from a few minutes to several hours have shown excellent results when the number of participants in each conference is held to a maximum of 15. The round table idea appears to be particularly effective when used with very small groups, two or three persons, who are reviewing operations, policies or business building efforts for the purpose of making constructive criticism.

The size of discussion groups and the frequency of group meetings depend upon the total number in the bank's personnel, the breadth of the staff conference program adopted, and the time available under the wage-hour law.

## SIZE AND FREQUENCY

IN the larger banks, class meetings seem to be more successful when the number in a group does not exceed 35 and when each group is composed of members with a community of interest and a comparable level of experience. Branch managers, assistant branch managers, department managers, supervisors, general tellers, commercial tellers, savings tellers, senior men in main office departments, production department clerks, bookkeepers, stenographers, juniors and messengers, in groups of their own, facilitate the selection of applicable study material, and are inclined to enliven question and answer periods with inquiries on points that are of interest to the entire class.

The class conferences should not be held too frequently—12 to 14 times in a six-month period should be sufficient. Holding the number of meetings down to a dozen or so makes it possible for the operating men to spot the sessions in at times in the month when work is light and non-overtime hours are available. Wherever practicable, the meetings should be called in the early morning because of the difficulty encountered by afternoon meetings that cannot be started until all of the groups' members have balanced their work or finished their routine for the day. Evening meetings, although desirable in certain situations, are apt to interfere with employees' outside study and social activities and cause an unfavorable staff reaction.

Staff dinners, skit presentations, picture showings, departmental meetings, round table conferences, discussion of reading assignments, department visits, job switching, individual tutoring, and all the other activities that are considered part of a well rounded staff conference program must, of course, be set up to meet individual bank situations. However, definite suggestions concerning their operation and application toward business retention and business development will be included in the manual to be published by the American Bankers Association.

# METHODS and IDEAS

This department of **BANKING** is conducted by our Methods and Ideas reporter, John J. McCann

## Employees' Checks

**T**HE FIRST NATIONAL BANK of Lincoln, Nebraska, and its affiliated First Trust Company have adopted a novel "employees' check" to impress local business interests with the purchasing power of their payrolls. Each check carries the imprint of the employee's name in the upper left corner above a bar of type which identifies him as a member of the bank staff. Bank payroll funds are thus quickly spotted as they circulate through the business of the community. Upon introducing the checks, both banks sponsored large newspaper advertisements which emphasized their total weekly payroll contribution "to the community's prosperity" with a complete list of their staffs. A similar check form has been adopted by several local business firms which recognize the value of this unique institutional publicity.

## Own-a-Home Clubs

**THREE THOUSAND MEMBERS** of the United States Building and Loan League were canvassed recently on a merchandising program involving the setting up of an Own-a-Home Savings Club through which young people may be encouraged to salt away down payments on easy instalments. Included in the League's fat merchandising packet were newspaper ads, radio scripts, direct mail and other forms of promotion. All persons



Ray A. Ilg, vice-president, National Shawmut Bank of Boston, with Boston Girl Scout Mariners Poplins, Drew and Kelley, when their organization made a tour of the bank. The mariners found the vault apparatus had a sea-going flavor

who can save \$10 or more a month are eligible to join. Those starting from scratch are termed "active members", while those with a nest-egg are called "associate members". Special pass-books are issued for either a 36-month or a 60-month savings program. The League feels that this type of direct consumer appeal is a logical step for the 1940 building season.

## Soy Bean

**TO IMPRESS** Nebraska farmers with the latent profits in soy bean culture, the Stephens National Bank, Fremont, staged a lobby exhibit which included

an educational unit on soy bean culture and numerous soy bean products. The exhibit was part of an extensive display prepared by the Pennsylvania Railroad. The widespread industrial demand for this product promises to add substantially to farm income in sections where it is cultivated.

## M.D., D.D.S.

**ONE PROMINENT EXPONENT** of bank-financed medical and dental service is John H. Nesson, D.M.D. Dr. Nesson has been a frequent contributor on this subject to *Oral Hygiene*, dental trade journal. His recent article, "How Are Collections?" reviewing several bank plans, provided a timely enclosure in reprint form for the State-Planters Bank and Trust Co. plan. With a cordial note outlining a simple financing arrangement, the bank circulated the reprints to all Richmond dentists and physicians. Dr. Nesson's experience provided a helpful endorsement which stimulated a good bit of business.

## Famous Recordings

**THE MORRIS PLAN BANK** of OAKLAND, CALIFORNIA, recently presented to the Berkeley schools a complete set of "Voices of Yesterday" transcriptions after using this popular series on the local station. This program dramatizes actual recordings on the early experimental wax cylinders by Thomas A. Edison with well enacted highlights



An effective lobby display on safe deposit service in the Madison-Crawford National Bank, Chicago

in the careers of the people concerned. As part of this helpful educational series, the bank also supplied quiz sheets which are distributed to pupils for modern history tests. Perhaps other banks which have used this series may find the local school eager for the recordings.

### Technique

A NEW TECHNIQUE in bank advertising has been introduced by the First Trust & Savings Bank of Pasadena, California. President James S. Macdonnell believes in what has been aptly called "salty sermons." Ad copy in an editorial vein

tackles politics, world events or any timely subject, without a trailing "plug" for bank services. While ads usually run to generous space, the only mention of the bank appears in the signature. These vigorous ads, despite the wide departure from accepted technique, do a good job of building business locally.

### Itinerant Exhibits

THE PEOPLES-PITTSBURGH TRUST COMPANY (Pittsburgh, Pa.) gives a highly favorable report on the new itinerant bank exhibit series now available for national distribution through a

local manufacturer. The service covers a wide selection of colorful, animated units featuring all bank departments and adaptable for both lobby and window display. New display materials such as rubber foam and attractive scale models add an interesting bit of dramatization. The service may be purchased for monthly or semi-monthly change with a flexible selection of units. Displays are custom-built and individually packed, requiring nothing more than plugging lead wires into a light socket.

### Mailway

TOO MANY MAILING PIECES are aimed at the good prospects, and that's why so many go into the waste basket unread. Of all the devices invented by the mail-minded advertiser to stay the hand from reaching for the basket, none is more consistently effective than the personalized note. To automobile loan prospects, who are probably more subjected to advertising than any other group, the First Wisconsin National Bank of Milwaukee insures its loan circulars of a higher percentage of readers by using a miniature four-page letter. The letters are cordial and to the point, and, although they are obviously machine processed, the text is so framed that the average reader may well believe he has a personal note from the bank. The letters summarize the booklet information and give case examples of loans based upon the suggested program of financing. Here is one practical way of personalizing the mail.

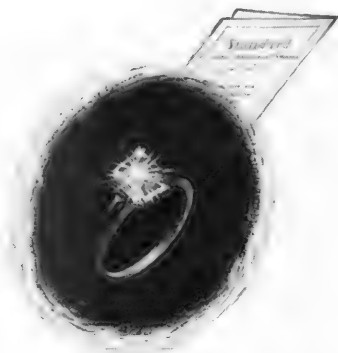
### Statements

TO MAIL OR NOT TO MAIL statements is an interesting question. The old practice of having customers call at the bank for statements after the first of each month seems to have given way to a courtesy service of mailing statements regularly upon request. G. W. Snyder, Jr., vice-president of the Topeka State Bank (Topeka, Kansas) has made a study of the pros and cons and finds 12 benefits in time and money saving in favor of mailing all statements regularly. In addition to cutting costs on storage, overtime work, details of filing and receipt taking, it allows for the enclosure of direct mail advertising, a good opportunity for selling additional services to the best prospects—your own customers.

### "No Account"

THE SECURITY STATE BANK, Madison, Wisconsin, solves the "No Account" problem with a system of safety numbered checks. Instead of the usual

**THEY CAN'T  
STEAL BOTH**



Thieves may steal your valuables. But they cannot take away the protection that a Standard burglary and robbery insurance policy provides.

When you have this protection—obtainable at surprisingly low cost—you have, in effect, another set of all that you insure. When losses are sustained from burglary, robbery, theft or larceny—these duplicates or their cash equivalents are yours.

Standard Accident of Detroit writes burglary and robbery insurance to cover your person, home and business—also protects against loss from embezzlement; forgery; automobile accident; injuries to self, employees, and the public; glass breakage; and similar hazards. Consult your nearby Standard agent or broker.

**STANDARD ACCIDENT INSURANCE COMPANY**

*Standard Service Satisfies... Since 1884*



custom of passing out blank checkbooks without requiring identification, this system calls for a numbered receipt corresponding to a key number printed on all checks in the book. Upon introducing the new checks, the bank impressed upon customers the mutual obligation involved in handling checks and cited this extra precaution as evidence of the bank's efforts to hold abuse down to a minimum. The first test occurred a few days after the plan was put into effect, but the receipt numbers and signature found the culprit with dispatch.

### **Lobby Demonstration**

THE AMERICAN NATIONAL BANK of Kalamazoo, Michigan, believes that lobby demonstrations of local social work, such as conducted by the Lions Foundation for the Blind, not only score a point of public relations but also give worthy projects a deserving spotlight of publicity. As part of a recent lobby exhibit, the bank invited a local member of the Foundation to put his Lions Leader dog through its paces and lecture on his own experience of the training through which both master and dog must undergo to achieve perfect coordination. This feature attracted widespread interest among depositors.

### **Distribution**

THE EMPIRE NATIONAL BANK & TRUST COMPANY of St. Paul reports a far more effective distribution of advertising blotters through a cooperative arrangement with local insurance brokers than through its former direct mailings to special prospect lists. The bank supplies each agency with a quantity of blotters free of charge. The blotters carry the agent's signature and whatever additional copy he desires, provided it ties in directly with the bank message on new and used car loans. Loan inquiries have increased considerably under the plan, much of which is attributed to the agent's use of the blotters on personal calls.

### **Teacher Loans**

WITH SUMMER VACATIONS coming up, the State-Planters Bank and Trust Company of Richmond made an early bid for the annual crop of school teacher loans. In a cordial note, B. S. Duval, assistant cashier, offered the bank's low cost personal loan plan for the three most frequently mentioned needs for funds—attending special Summer sessions—a trip—a rest. The letter made a two-way selling job of it by carrying a colored imprint of the bank's familiar \$1,000 Club emblem—and a lively car-

toon folder titled "I. O. Me" telling the experience of a bill-battered purse and the cure-all "reserve account" plan.

### **World's Fair**

THE MANUFACTURERS TRUST COMPANY of New York reopened its World's Fair office fronting on Constitutional Mall, and is geared for bigger and better service to the fair-goers. In addition to supplying customary banking services, the office has special facilities for letters of credit, travelers' checks, hotel accommodations, travel services and general information. It will serve as a depository for the World's Fair itself as

well as for its principal exhibitors and concessionaires. The Manufacturers Safe Deposit Company, which maintains an office on the same premises, offers vault and storage facilities 24 hours a day. These facilities may be rented for a day, week, month or any period suitable to customers.

### **Home-owner Thrift**

THE LURE of low monthly costs in the 25-year F.H.A. mortgage plan takes an airing from a thrift viewpoint in a recent broadside published by the United Savings Bank of Detroit. As compared to the 20 year plan, the interest differ-



*The First National  
Bank of Chicago  
invites business on  
the basis of facilities  
it has developed  
in building with  
Chicago since 1863*

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



## TO SERVE YOU AT ANY POINT OF THE COMPASS IN CALIFORNIA

With complete branches in 307 California communities, Bank of America is in a unique position, geographically, to handle your California volumes. Through the night and day transit service and direct routing facilities of this great statewide bank, transactions which, after receipt in California, may require four days actual presentation time through ordinary channels, are usually completed in one or two days. One account with Bank of America brings you this responsive, statewide service. Your inquiries are invited.

*Once more Bank of America invites you to the Golden Gate International Exposition on Treasure Island in San Francisco Bay. Bank of America's branch is the only bank on the Exposition grounds and is there to serve you and your friends.*

### Bank of America

NATIONAL TRUST AND SAVINGS ASSOCIATION

Member Federal Deposit Insurance Corporation  
Member Federal Reserve System

MAIN OFFICES IN TWO RESERVE CITIES OF CALIFORNIA  
SAN FRANCISCO LOS ANGELES

ential is like "paying for a new car—and never getting it". The folder questions in comparative cost charts whether the reduction in monthly payments is worth the long run additional costs. From a practical analysis, the bank recommends loans of 20 years as the maximum period for economical home financing. The bank's 7-point home mortgage service features low costs, no initial service charges, acceptance of either abstract or title insurance, commitments made from plans and specifications, liberal repayment privileges, experienced personnel and the convenience of dealing with a local bank. These points are stressed in favor of the regular bank type home loan and F.H.A. 20-year plan.

#### Travel-On-Credit

SIXTY-SIX AMERICAN RAILROADS have lined up with the Travelers Credit Corporation on the new "travel-on-credit" plan launched nationally on May 20. At the outset, more than a thousand banks signified their intention of cooperating. The plan is simple and practical. All railroad ticket offices will have applications and notes for the public who are desirous of purchasing travel and paying for it over a period of months. The applicant goes directly to the ticket office, or travel agent, fills

#### PROUD POCKETBOOK

See "Teacher Loans", page 59



AS AN AID to you in accumulating a substantial sum we suggest the State-Planters \$1000 Club. There are three convenient classes. Deposits can be made weekly, semi-monthly, or monthly. Every dollar deposited is returned to you plus interest. The account can be withdrawn at any time, just as any other State-Planters savings account. There are no penalties for late or skipped deposits. In fact, the whole plan of the \$1000 Club is built to help the depositor and to promote purposeful thrift. Information at all offices. Join now, while you're in the mood.

out the blank and signs the note. These are then sent to the allied bank which, after making a credit investigation, may purchase the note by sending the full amount to the railroad office. In the event of rejection, the applicant is notified in the name of the Travelers Credit Corporation and local banks are in no way involved. Allied banks make monthly remittances of 2 per cent of the amount advanced on approved notes during the previous month with a list of applications accepted and rejected. Minimum loans are set at \$50. The bank, however, may require repayment of all loans under \$75 within a 12-month period, but not less than six. National promotion of the plan will be directed by the Travelers Credit Corporation and participating railroads.

### Mini-ads

THE BANK OF ASHEVILLE, North Carolina, proves that one column by one inch newspaper ads—the minimum display space accepted—can do a really effective selling job. The mini-ads are complete with borders, illustrations, punchy telegraphic copy and bank signature. By using silhouettes and reverse plates, the ads stand out on any page and are usually given top position owing to the customary pyramiding of ads in newspaper make-up. Loan facilities are being featured in the current series.

### Potato Prize

TO STIMULATE INTEREST in high-grade potato crops as an additional source of farm income, the Steuben County (N. Y.) Bankers Association offers \$100 for prize crops grown this year. Back of this action lies the hope of opening new fields for bank credit. The ideal soil conditions of the county have been successfully tested by the county home bureau agent and experienced farmers from famous Aroostook County, Maine. Farmers throughout the county are being encouraged by local banks to plant test patches to compete for the award. This simple demonstration increased Steuben County potato output considerably last season.

### Employer-Employee Loans

A COMPLETE MANUAL covering automobile, property improvement and personal loans has been used effectively as a presentation piece for an employer-employee loan program developed by the Iowa-Des Moines National Bank and Trust Company. Business accounts, called upon by officers of the bank, endorsed the plan as being a simple,

practical means of making credit available to employees without involving extra company bookkeeping. Basis of the plan is a series of placards for employee bulletin boards announcing the service, and the issuance of introductory cards by the personnel manager or bookkeeper to interested employees. The program carefully avoids aggressive promotion of loans for needless debt; it is expressly organized with the cooperation of the employer for individuals who need or who may find advantage in bank credit. The high rate of return of introductory cards indicates the extent of the employer participation.

### Good Neighbor

Believing that the time is ripe for the American tourist to show some reciprocity for our troubled neighbors to the north, the First National Trust and Savings Bank of San Diego opened its travel campaign with a commanding advertisement—"Visit Canada". Pointing out the vacation thrills of scenery and sports to be had in every section of the Dominion, plus the substantial discount on the Canadian dollar, the advertisement offers the bank's travel bureau as a means of planning and arranging the trip down to the last detail.



Main Banking Floor, World's Fair Office, Manufacturers Trust Company

## AN INVITATION TO VISIT THE BANK OF TOMORROW

**B**ANKERS who visit the New York World's Fair are cordially invited to stop at the World's Fair Office of Manufacturers Trust Company, the Bank of Tomorrow. Here in the very heart of the Fair you will find a beautiful bank—modern, spacious, attractively furnished, air conditioned—ready to serve you in every way.

## MANUFACTURERS TRUST COMPANY

World's Fair Office: Constitution Mall at Washington Square,  
World's Fair Grounds

PRINCIPAL OFFICE: 55 Broad Street, New York  
68 COMPLETE BANKING OFFICES IN GREATER NEW YORK

Member Federal Deposit Insurance Corporation

This unusual appeal broke front page editorials in Toronto, Victoria, Vancouver and other Canadian cities.

### **Employee Quiz**

THE MINERS NATIONAL BANK of Pottsville, Pennsylvania, stimulates regular staff training sessions with a series of "true or false" quizzes. A dozen or more statements are prepared for each session, all pertaining to one departmental function. Some points are purposely kept controversial to draw out discussions.

This training plan was inspired from an A.B.A. leaflet, prepared by the Ad-

vertising Department, which propounded 10 banking questions on ordinary procedure.

The quiz method is said to give new employees a better grasp of banking operations as it invites their questions and opinions by being exceedingly informal. Older employees are also kept on their toes.

### **Savings Bank Money Orders**

THE NEW UNIFORM MONEY ORDER CHECK adopted by the New York Mutual Savings Banks Association was put into use in six institutions early last month. Ten additional banks will

inaugurate the service shortly. In time it is expected that the new orders will be in common use by all mutuals in the state, and may possibly be adopted in similar form nationally. As the new orders are designed in part to replace cashier's checks, first announcement blanks issued to depositors explain the purpose and cost of the new orders and attempt to discourage requests for cashier's checks for ordinary bill-paying purposes by setting a minimum of \$50 for such drafts.

### **Sales Training**

WHEN THE FIRST CITIZENS BANK & TRUST COMPANY of Utica, New York, tackles the problem of selling personal loans through personnel, this is how the advance groundwork is covered: A schedule of two meetings for each group of 15 employees is arranged by the group discussion leader. At the first meeting a comprehensive outline of personal loans is presented, including the bank's own month to month progress, its local competition and promotional program.

The second meeting of the schedule is a sales symposium at which definite instructions are given in the matter of approach, discussing the bank's facilities and clinching the sale. After each meeting, digests of the discussions plus charts and promotional specimens are distributed to each employee for his sales manual.

### **EMPLOYEE BOOKLET**

A page from the booklet, *The Bank in Which You Work*, issued by the Continental Illinois National Bank and Trust Company, Chicago



*Bank women relax in comfortable surroundings*

activities. These include bowling, bridge, checkers, golf, softball, tennis, women's outings, children's Christmas parties, dances, and picnics. The major portion of the cost of these activities is borne by the Bank. The management of the Club is vested in a board of governors elected by the members.

### **LIBRARY**

The Bank maintains a library of standard works on banking, finance, and kindred subjects.

## *Do You Need Information About Restrictions on Foreign Exchange and Trade?*

The United States has only one kind of dollar. But England has both an official and a free pound for settlement of foreign obligations. Germany has long had a variety of marks. Canada—indeed the whole British Empire—has exchange controls. Italy manages its exchange. Likewise France. Latin-American countries have their controls.

This Bank has *current* information about foreign exchange restrictions, about commodity quotas, about import and export regulations—which are constantly changing. If these affect your customers, feel free to consult our Foreign Department.

## **CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY**

OF CHICAGO

Member Federal Deposit Insurance Corporation



## Ad Brochure

"WHAT AMERICAN ENTERPRISE MEANS . . ."—consistent ad theme of the Marshall & Ilsley Bank of Milwaukee—now appears in a brochure reprint of 16 institutional advertisements which tell the romance and economic values of great industries from the dairy to public utilities. The copy angle seeks out business facts which contribute to community welfare, aside from the commonly accepted production of goods or services. As stated in the foreword, the purpose is to promote a better understanding of the American system of free individual enterprise.

### Insurance Savings Plan

THE WELLS FARGO BANK & UNION TRUST COMPANY, San Francisco, California, originators of the popular "Buy \$1,000" plan, introduces a new idea in purposeful saving called the "Life Insurance Pay-Day Premium Plan". Briefly, this new type account sets up a deposit schedule for policyholders, geared to various premium amounts and due dates. It features the advantage of paying premiums on an annual basis, thereby effecting economies over monthly and semi-annual rates, and it lessens the danger of lapses. The merchandising program consists at present of two direct mail pieces, supplemented by newspaper advertising. The folder for general prospect distribution outlines how this thrifty scheme gives better "leverage" on life insurance, and how protection can be stepped up gradually without pinching the purse. The second folder explains the plan from the agent's viewpoint and suggests various ways in which sales may be increased. One look at the lapse insurance records of any company and the demand for premium loans gives evidence of the need and unlimited application of this program.

### Service Charge

A NEW SCHEDULE of service charges for no-minimum balance checking, made only upon the exact amount of service rendered, is being featured widely by the Security-First National Bank, Los Angeles, California. The formula is based on a monthly maintenance charge of 50 cents plus 4 cents for each check paid or deposit transaction, less an allowance for the average balance earnings. This allowance is computed at 3 per cent of the average monthly balance less 20 per cent for reserves. Further simplification is also made in averaging balances. Accounts running between \$100 and \$200 are figured at \$150; \$200 and \$300 at \$250, and so on. This eliminates the necessity of listing daily balances in the computation, except for accounts which fluctuate abnormally.

In addition to being an equitable arrangement for all classes of depositors, the bank feels that it results in a fair profit. A computation table showing the actual charge on from 1 to 30 transactions for balances up to \$500 is distributed by tellers and is also incorporated in several direct mail pieces sent to new and prospective customers.

### Federal Reserve Facts

THERE ARE 12 "Reserve bank cities," 24 "Reserve branch cities," and 26 "other Reserve cities."

ONLY THE Federal Reserve banks of Atlanta and San Francisco have as many as four branches. The Atlanta bank also has an agency (at Savannah).

WHEREAS the territory of the Federal Reserve Bank of San Francisco covers seven different states or parts of states, that of the New York and Philadelphia banks together cover only five states or parts thereof.

June 1940

*Homes equipped with  
non-rust metals*

## MAKE BETTER MORTGAGE RISKS



IN copper, brass and bronze, mortgagors find a recognizable basis for sounder security in their mortgage risks. For these Anaconda Metals, by eliminating rust and rust-repairs, help preserve the original value of the home.

Moreover, such products as copper and brass pipe, copper sheet metal work, Everdur Metal hot water tanks and bronze screening cost so little more than temporary rustable materials that... in terms of service rendered per year, per dollar... they are far more economical.



THE AMERICAN BRASS COMPANY

General Offices, Waterbury, Connecticut

Subsidiary of Anaconda Copper Mining Company

In Canada: ANACONDA AMERICAN BRASS LTD., New Toronto, Ont.

*Anaconda Copper & Brass*

# Heard Along MAIN STREET

This material is compiled for  
BANKING by Albert Journey

**I**N EACH of the three banks of Weatherford, Texas, there is a veteran banker who has served continuously since first entering his bank's employ. The combined service of the three men equals a century and a half.

W. S. FANT, 79, started with the First National Bank in 1887, became an officer in 1889, and has been president for 37 years.

H. L. BREVARD, 82, was made cashier of the Merchants & Farmers Bank during his first year there in 1890. He still has the job today.

G. A. HOLLAND, 81, joined the Citizens National Bank in 1894, became president in 1906, and chairman of the board of directors 24 years later. That is his present office.

The record of the institutions represented by these men is equally noteworthy. The three banks operated continuously for 60, 58, and 51 years respectively. None has ever suspended or become insolvent. Of 169 dividend periods, stockholders' dividends have been paid on 167.

★

It sounds incredible, but HOMER E. ALBERTI, cashier of the Brotherhood State bank in Kansas City, Kansas, is a banker with fan mail. His weekly "Sunday School of the Air" over radio station KCKN completed four years of regular broadcasts in March and still draws letters from listeners.

"I remember a luncheon meeting with the president of the broadcasting company when we discussed a weekly busi-



Mr. Alberti

ness forecast," the broadcaster-banker reflects. "We analyzed that possibility for some time, and then our conversation drifted to religion.

"How we reached the idea of a weekly Sunday School over the air with me as conductor is more than I can remember. I agreed somehow to experiment with one such broadcast and have since made more than 200 repeat performances."

Each of those 200 Sundays that Cashier ALBERTI stepped to the microphone for 25 minutes represented at least six hours of preparation. Each broadcast is based on the weekly International Sunday School lesson and requires about 3,000 words of script.

Though his banking connection never is mentioned, Mr. ALBERTI finds friends have become acquainted with the program. A frequent Saturday salutation is: "Are you ready for tomorrow?"

The broadcast is interdenominational, a characteristic possessed by Mr. ALBERTI himself. An ardent Presbyterian, he was the first non-Methodist elected to the board of Bethany Hospital in his home city and frequently is called on to speak before church groups of different faiths.

In addition to banking and broadcasting, Mr. ALBERTI has found time to complete the work of the Graduate School of Banking conducted by the American Bankers Association at Rutgers University (he graduated in 1938), to serve as president of the alumni association of the Kansas City Chapter of the American Institute of Banking Section of the A.B.A. and as treasurer of the Kansas City Chapter of the Institute.

Other extracurricular activities along banking lines include chairmanship of the public relations committee for bankers in Wyandotte and Leavenworth counties in Kansas and the presidency of his local clearinghouse association.

★

GEORGE E. LEWIS, recently honored by trustees of the Newport (N. H.) Savings Bank for his years of service, became treasurer of the institution on February 5, 1890, and is the second treasurer that the bank has had since it was founded in 1868.

In addition to his duties as bank treasurer, Mr. LEWIS is active in town affairs. He is chief of the Newport Fire Department, having been connected with the department for 60 years. He is a former town treasurer and member of the school board.

Mr. LEWIS' interest in fire fighting is hereditary, every male member of the family on his father's side and all but one on his mother's side having been firemen. He became a member of the board of engineers in 1890 and in 1913 he was named chief of the department, which position he has held ever since. Mr. LEWIS was recently reelected fire warden for his district for the 28th consecutive year.

The 79-year-old chief has never met with an accident at a fire, but he has had two close calls. Once, while he was standing momentarily in the doorway of a burning building, the roof collapsed and fell into the foundations at his feet. Another time he and a fellow fireman were on the second floor of a house when

Below, left to right, Messrs. Brevard, Holland and Fant. (See column one)



the hose escaped from the hands of a man above them. The nozzle came snaking down at them, missing Mr. LEWIS but killing his companion.

Mr. LEWIS still plays golf frequently during the Summer months.

★

C. Q. CHANDLER, chairman of the board, First National Bank of Wichita, was recently reappointed a member of the Crippled Children's Commission of Kansas. This permanent group was created in 1931 by an almost unanimous vote of both houses of the Kansas legislature. It assures that the crippled children in the state will have the best possible medical care regardless of the financial status of their families. Since its inauguration, more than 6,000 youngsters have been treated.

This work is the direct outgrowth of Mr. CHANDLER's interest in crippled children and the possibility of effecting cures that would enable them to live normal and happy lives. His interest was kindled, when in 1912, his young daughter, stricken with infantile paralysis, was cured by the skill of a great orthopedic physician. Since that time Mr. CHANDLER has devoted his time, energy, and resources to bringing the same care to the children of others.

In 54 years of banking experience in the Middle West Mr. CHANDLER has been interested in financially, and responsible for, the management of 55 banks in Kansas, Oklahoma, Colorado, Texas, and New Mexico. He has served on the Advisory Council of the F.R.B., is at present trustee and member of the executive committee of the Northwestern Mutual Life Insurance Company. He is chairman of the board of deacons of the First Baptist Church and trustee of Ottawa University.

★

C. RAY PHILLIPS is president of the National Builders Bank, which will shortly change its name to the La Salle National Bank and move into the Field Building, in the heart of Chicago's financial district. It is said to be the first major change in Chicago's banking picture since 1930.

Mr. PHILLIPS entered banking in Buffalo after his graduation from Syracuse University. Starting as a messenger, he has filled nearly every position on his way up the banking ladder. Since 1921 he has been prominently identified with Chicago banking. Prior to the absorption of the Foreman State Trust and Savings Bank by the First National Bank of Chicago, he resigned as vice-president of the former to be-



The miracle of the machine that captures a voice! Spencer Tracy, as "Edison, The Man," in M-G-M's picture of the same name, invents the first phonograph.

## Blessed Event for every business man

The Edison Voicewriter (great-grandson of Thomas A. Edison's first phonograph) is a blessed event to every business man. It receives instructions, notes, dictation, memoranda. And it leaves your mind free to concentrate on important matters.

It's a blessing to be able to *talk* your work away—to a beautiful, new, streamlined Ediphone. (A boon to your busy secretary, too!) Write Dept. K6, Thomas A. Edison, Inc., West Orange, N. J., or Thomas A. Edison of Canada, Ltd., 610 Bay St., Toronto.

SAY IT TO THE

# Ediphone

EDISON VOICEWRIter

"...an 8 1/2" x 11" miracle!"  
(on your desk)



"...it's streamlined!"  
(at your desk)



See the beautiful, streamlined Edison Voicewriters today.

And see "Edison, The Man," starring Spencer Tracy—  
an M-G-M picture produced by John W. Considine, Jr.

HEAD OFFICE, MONTREAL



ASSETS OVER \$960,000,000

## TO AMERICAN BANKS

### WITH INTERESTS IN CANADA

Complete correspondent service in all parts of Canada through more than 600 individual branches. Credit information and assistance in arranging trade connections available through our Business Development Department. Enquiries invited.

## THE ROYAL BANK OF CANADA

AN INTERNATIONAL BANK SERVING 29 DIFFERENT COUNTRIES

New York Agency, 68 William Street

Use . . .

## SAFETSTACK

STEEL STORAGE FILES

For Your SEMI-ACTIVE and  
INACTIVE CORRESPONDENCE



Permanent  
STEEL FILES that Cost Less than  
Cardboard Files and Shelving . . .

From every angle steel storage files give you the most efficient and economical method of filing your semi-active and inactive correspondence. They have many distinctive features such as the space-saving, easily handled follower block, illustrated . . . easy, smooth drawer operation on side rails and gliders, etc. Mail coupon below for complete details and prices.

THE STEEL STORAGE FILE CO.  
2216 West 63rd St., Cleveland, Ohio.  
Mail Information re Correspondence Files.

Name . . . . .  
Bank . . . . .  
Address . . . . .



NATIONAL UNION  
FIRE INSURANCE  
COMPANY

PITTSBURGH, PA.



THIRTY-NINE YEARS  
OF  
HONORABLE DEALING

come receiver of the Missouri-Kansas Pipe Line and subsequently president of the Automatic Products Corporation.

Born in the little town of Centerville, Iowa, his great ambition was to be a cowboy. As he grew older he achieved this ambition and spent a good deal of time on the range in the handling of large numbers of cattle. He was sufficiently at home in the saddle to make a most creditable showing in rodeos.



Mr. Phillips

Adding to his colorful career, he spent three years in the army, and was on the Border as a second lieutenant during the Villa episode. Subsequently he was among the first army men to go abroad, and, as a captain in the 27th Division, he spent two years in active service.

Mr. PHILLIPS has never lost his fondness for country life and his major hobby is farming. Today he owns several farms and finds great interest in their management.

★

FRANK DORSEY, vice-president of the First Bank and Trust Company, Perth Amboy, New Jersey, has been appointed a commissioner of the Port of New York Authority.

★

At a time of life when most men have retired or are getting ready to do so, former Governor EDWARD CASPER STOKES, chairman of the board of the First Mechanics National Bank, Trenton, N. J., is assuming new duties and responsibilities. He recently accepted the position of adviser to the New Jersey State Council, the state advertising and promotion agency, and is taking the added work in stride with his direction of business at the bank, where he is at his desk every day.

BANKING



Mr. STOKES, who is 79 years old, believes the average person retires at a much too early age and thereby sacrifices many years of usefulness. It is better for a man, both physically and for his contentment of mind, he contends, to remain at his accustomed tasks as long as possible. GLADSTONE, he points out, achieved the pinnacle of his greatness as prime minister when he was 81. As other examples, PLATO, who was active past 80, and SOCRATES, who contributed to the lustre of his name until he was more than 70, are cited by the ex-Governor.

★

JACOB C. KLINCK, president, the Kings County Savings Bank, Brooklyn, New York, started his banking career in 1888. He began as an office boy with the old Metropolitan Trust Company and eventually became trust officer of that institution and then of the Chatham and Phoenix, with a special



Mr. Klinck

duty assignment as president of the Williamsburg Trust Company. Since 1927 he has held his present office. Outside of banking his activities have been far flung.

When Mr. KLINCK had rounded out 50 years of intense activity in the business, social and religious life of Brooklyn, 1,700 guests attended a dinner given in his honor—testimony of the affection and respect in which he is held.

Mr. KLINCK is a nationally known Mason. He joined that order in 1901 and has held a long list of important offices, including two terms as Grand Master of the Grand Lodge of the State of New York.

Among his many other activities are: past president, New York Chapter of

the A.I.B.; treasurer, Berkeley Institute; vice-president, Brooklyn Association for Improving the Condition of the Poor; first president of the Brooklyn Civic Club, which later became the Brooklyn Chamber of Commerce; trustee, Brooklyn Public Library; vice-president, Caledonian Hospital; vestryman, St. John's Protestant Episcopal Church; treasurer of the largest Y.M.C.A. unit in the world.

★

Screen star EDWARD ARNOLD and the well known radio and operatic baritone DONALD DICKSON shared the spotlight with A. P. GIANNINI, founder of the

Bank of America N. T. & S. A. on May 6 in a special radio broadcast. The occasion was a giant birthday party tendered to Mr. GIANNINI on his 70th birthday. The affair was sponsored by the 10,000 employees of the Bank of America throughout the State of California. The broadcast originated at San Jose, Mr. GIANNINI's birthplace.

EDWARD ARNOLD functioned as master of ceremonies and DONALD DICKSON sang a few of Mr. GIANNINI's favorite songs. Many personages of the banking and motion picture world were among those invited to greet Mr. GIANNINI on his anniversary.

# PRUDENCE

An  
**Essential Ingredient**  
of  
**Insurance**

Consult  
your

## HOME-TOWN AGENT

Prudence that makes certain that insurance is adequate also plays its part in keeping it sound. For 77 years Fireman's Fund has followed prudent practices both in underwriting and investments. Today assets of \$42,000,000 and policyholders' surplus of \$24,000,000 provide the Strength, Permanence and Stability to make its policies *always worth par when misfortune strikes*. A quarter of a billion dollars paid in claims gives you the right to feel secure. Over 11,000 Home-Town Agents.

Fire • Automobile • Marine • Casualty • Fidelity • Surety

## FIREMAN'S FUND GROUP

FIREMAN'S FUND INSURANCE COMPANY

HOME FIRE & MARINE Insurance Company

OCCIDENTAL Insurance Company

Standard  
Protection  
Seal

FIREMAN'S FUND Indemnity Company

OCCIDENTAL Indemnity Company

New York • Chicago • Los Angeles • Boston • Atlanta

DEPENDABLE INSURANCE SINCE 1863

## SPECIALIZED

*for Better Service*

THE officers and personnel of the Banks and Bankers division of Mercantile-Commerce have been selected because of their experience with the problems of out of town banks. Thus, this division has been carefully developed through the years so as to be able to render the most helpful and efficient service to correspondents.

In addition to the advantages of *specialized* knowledge are the complete facilities of this institution, world wide connections and the benefits of our cumulative banking experience that dates back over more than eighty-three years.

### MERCANTILE-COMMERCE

**Bank and Trust Company**

SAINT LOUIS

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

## Canadian Pacific Express TRAVELLERS CHEQUES

OBTAINABLE FROM ALL CANADIAN PACIFIC AGENTS AND MOST BANKS



Issued in Canadian and United States Dollars, and Sterling.

U. S. Dollar Cheques are redeemable at par by the National City Bank of New York.

To those who wonder from what source comes the indefatigable energy that enables GILBERT T. STEPHENSON, Director of Trust Research of the Graduate School of Banking, to cover thousands of miles each month, to address a multitude of meetings, to lecture annually before the law classes of 13 leading universities, to write voluminously and to direct the important work of his staff, we offer at least a partial explanation.

The answer is that he is "of the soil", that on week-ends throughout the year and for longer periods during the seedling and harvest seasons he is engaged in actively operating a 4,300 acre plantation in Pendleton, North Carolina.

This peanut and cotton plantation has been in the STEPHENSON family since Revolutionary times and to "Mister GILBERT", as he is known locally, has fallen the responsibility of operating it.

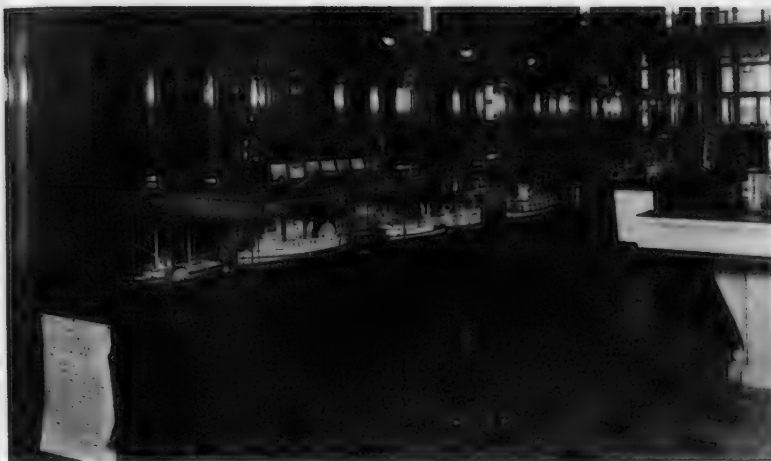
So, on Saturdays and Sundays you can find "Mister GILBERT" traversing his broad acres on horseback or in consultation with his overseer or hired hands. This, and the fact that the aeroplane has brought the whole country "just down the road a piece", enables him to accomplish things that his ancestors, buried in the little churchyard at Pendleton, would have classed as miracles.

★

MYRON F. CONVERSE, newly elected head of the National Association of Mutual Savings Banks and president of the Worcester (Massachusetts) Five Cents Savings Bank, began his career as an office boy in the institution which he now heads. Going directly from the Worcester public schools to the bank, he was soon advanced to a clerkship,

Mr. Converse





Above, a view of the Ainsworth collection. (See column one)

then to clerk of the corporation, assistant treasurer, treasurer, trustee, vice-president and finally president.

Besides his presidency of one of the East's leading savings institutions, Mr. CONVERSE is president of the Worcester Street Railway Co. and of the Worcester Morris Plan Banking Co.; director and member of the finance committee of the State Mutual Life Assurance Co.; director and member of the executive committee, Worcester Mutual Fire Insurance Co.; director of the Mechanics National Bank, Worcester, and of the Norwich and Worcester Railroad Co. As chairman of the mutual savings bank group committee on New Haven Railroad bonds, Mr. CONVERSE has been in active direction of efforts to rehabilitate the New Haven.

In 1932, as president of the Savings Banks Association of Massachusetts, Mr. CONVERSE played a leading rôle in organization of the Mutual Savings Central Fund, Inc., establishment of which had an impressive public effect and offset much anxiety.

Mr. CONVERSE takes an active interest in his home city's civic affairs, being chairman of the Trust Funds of the City of Worcester, chairman of the Worcester County Retirement Fund, a director of Worcester Hahnemann Hospital and a trustee of the city's Natural History Society. For 25 years he has been a trustee of the county's Mechanics Association, and served as its clerk and treasurer for some years. He has also, for a number of years, been president and trustee of the Worcester County Horticultural Society.

★

No historic display in Oregon has attracted more attention than the collection of model ships which have been

gathered over a period of 30 years by J. C. AINSWORTH, chairman of the board of the United States National Bank of

Portland. These are models of ships which had to do with the early development of the great Northwest.

Mr. AINSWORTH's father, Captain J. C. AINSWORTH, had been a famous steamboat man. For many years he had been active on the Mississippi River boats where MARK TWAIN had been one of his pilots. In 1850 Captain AINSWORTH came to Oregon and was one of the founders of the Oregon Steam Navigation Company. Mr. AINSWORTH grew up in this golden era of river transportation. It was natural that he should turn to this hobby which would keep alive the memory of those days and of the family tradition.

★

How GWILYM A. PRICE rose to the presidency of a leading financial institution, the Peoples-Pittsburgh Trust Company, at the early age of 44 is a story that would out-Alger Horatio's classics.

Young PRICE had completed only one

### Member Banks of F.D.I.C. are—

- Increasing their profits—
- Advertising their own institutions—and
- Keeping money at home—

by issuing their own

### "CERTIFIED DEPOSIT" TRAVELERS' CHECKS AND MONEY ORDERS

For complete details, apply to

SECURED NEGOTIABLE INSTRUMENTS, INC., 39 Broadway, New York



### NO OVERNIGHT STOPS WITH NIGHT TRANSIT

Night Transit Service now speeds collections through The First National Bank of Memphis without overnight delays. With 39 mail trains and 15 mail planes arriving

daily, and an equal number departing, a day or more is saved in most inter-bank transactions. You are invited to use this service.

### THE FIRST NATIONAL BANK OF MEMPHIS

Memphis, Tennessee

Member Federal Deposit Insurance Corporation



## The Hands of NORMAN BEL GEDDES

Industrial Designer Extraordinary

Bit by bit Norman Bel Geddes redesigns the world we live in. He has streamlined trains, automobiles, ships, aircraft; restyled highway systems; replanned homes and buildings for pre-fabrication; visualized whole cities in the "World of Tomorrow"...a world-honored artist of talent, audacity, imagination and purpose.

Mr. Bel Geddes' watch is a Longines Chronograph

## THE WORLD'S MOST HONORED HANDS WEAR *Longines* THE WORLD'S MOST HONORED WATCH

With due honor to a glorious past, the Longines watch of today is a more perfect timepiece than those which have preceded it for 74 years. In this period, the product of the unaided craftsman has become the composite product of science, metallurgy, engineering, and research technique. But now as then, the relative superiority of Longines watches is clean cut and definite. And now as then, the world's most honored hands wear Longines, the world's most honored watch.

Longines "Hall of Fame" watches at \$69.50 are the watches of the year; other Longines watches from \$37.50.

LONGINES-WITTMANER WATCH CO., INC.  
580 FIFTH AVENUE, NEW YORK, N. Y.



year of high school when his father's death made it necessary for him to earn a living. He took a brief business course and secured a position with the American Surety Company. When one of the executives of that company formed a law partnership he took Bill with him. Next came an intensive study of law at night and his eventual graduation in 1917 from the University of Pittsburgh Law School. His legal ability was quickly recognized and he soon was offered and accepted a position as assistant trust officer of the Pittsburgh Trust Company. From this start in the trust field he rose rapidly and became one of the country's outstanding trust executives. Because of his exceptional qualities and outstanding work as head of the trust department he was selected to head his institution.

Coupled with his success in business is a fine war record. He served overseas as captain of "C" Company, 302nd Heavy Tank Battalion. During Summers he likes to fish in Canada and in Winters he plays a sound game of squash. Somehow from his heavy schedule he finds time for and thoroughly enjoys the theatre, dancing and bridge. Mr. PRICE wears his honors lightly and despite the intensity of the life he has lived looks years younger than he is.

★

CLARENCE E. KILBURN, president, Peoples Trust Company, Malone, New York, has been elected to Congress as Representative from the 31st New York District. In this day when the business of government is of extraordinary importance it is encouraging to see men of Mr. KILBURN's intelligence and integrity elected to high office.

In addition to Mr. KILBURN's banking and political activities he finds time to engage in his favorite pastimes, hunting and fishing. He has a camp on Lake Titus near Malone and another at the Pontiac Fish and Game Club in Canada.

★

Forty years of service with one institution is a worth-while accomplishment. Forty years without being absent a single day for illness is a remarkable achievement. Such is the record of JAMES A. FOWLER of the Union Dime Savings Bank of New York. Mr. FOWLER attributes his good health to regular exercise—bowling in the Winter, golf in the Summer, and a long walk every day of the year.

★

WALTER R. BIMSON, president, The Valley National Bank, Arizona's largest financial institution, has the true collector's instinct. As a young boy in his



Above, Mr. Bimson and a Navajo blanket

native Colorado he took the usual first step by gathering stamps. As he grew older he really started collecting in earnest, and books, especially first editions, water colors and etchings were all grist for his mill.

In 1933, he began a unique collection of Navajo blankets which is today one of the most valuable of its kind to be found outside of a museum. His collection includes the oddest examples of Navajo weaving and the rarest. He has many old Bayeta blankets, a number woven from Saxony yarns, and many made from native spun and dyed yarns. One blanket with an unusual historical background was exhibited at the St. Louis Fair in 1903, where it took first prize for Navajo weaving.

Incidentally, anyone who has watched the growth of the Valley Bank since Mr. BIMSON assumed the presidency will readily admit that his collecting genius extends itself to the very successful collecting of new bank customers.

★

Under a new plan, expected to produce significant results, the Indiana University School of Business has designated 12 of the state's business and industrial leaders as faculty associates. Regular visits will be made to the campus by each faculty associate for consultation with individual students and members of the faculty. Two of the 12 who have been given initial appointments as faculty associates are bankers PAUL N. BOGART, president, Merchants National Bank, Terre Haute, and CHARLES B. ENLOW, president, National City Bank, Evansville.



# Old-Fashioned Farmers

WHEN the article "Old-Fashioned Farmers Are on the Down Grade?" appeared in *Babson's Reports* of November 6, 1939, Harry W. Rawson, president of the Farmers State Bank, Waupaca, Wisconsin, thought it would be interesting to see how the boys in the local high school agricultural class would answer the question.

So he announced an essay contest, with prizes. A dozen boys took part. Their papers were judged by the editor of the Waupaca newspaper and the county agent.

The Babson discussion said that both here and abroad the small or medium-sized farm was losing out, that a basic cause was the growing mechanization of farming, and that although some palliatives could be found, the trend would continue "toward more complete mechanization, better financing, more centralized ownership and operation—and fewer old-fashioned farmers."

The essay that won first prize of \$10 was written by Laverne Larson. Under the title "Corporation Farms", he contended that any economic gains that might accrue to the farmer under a corporation system "would be far offset by a social depression." Also, "if the smaller farmers lack capital to operate efficiently, how can they band together into larger businesses and thereby obtain the much larger capital that is necessary to carry on that operation? I can see," he said, "where they might be able to decrease the expense of farming through large scale purchases, but it is apparent that some of this saving will be consumed by the added expense of meeting the demands of organized labor and of providing the extra equipment necessitated by large scale operations."

Corporation farms, in Laverne's opinion, "would offer permanent labor to fewer people as more of the work would be accomplished by temporary crews" and "intense farm mechanization would entail even greater unemployment adjustments."

He asked why the Government wasn't "justified in encouraging the so-called old-fashioned farmers when they are managing farms that are of a commendable size and we are not sure that

corporation farms would be economically independent?"

"The farmer on a family-sized farm," concluded the essay, "means too much to our nation to be discouraged. Economically speaking, this type of farmer will be as contented as he desires to be if we, as consumers and administrators, will but provide him a market.

"This, regardless of how our agricultural machinery is manipulated, is our basic problem."

*Make your windows sell*

**GET MORE CUSTOMERS FOR EACH AND EVERY SERVICE YOU OFFER**

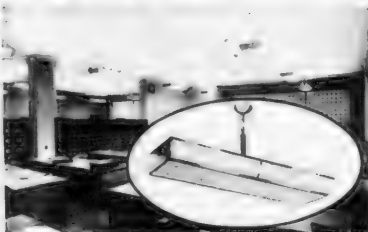
Striking, inexpensive display units already being used profitably by thousands of financial institutions throughout the country.

Write today for full details

**PHOTOCRAFT**

798 Willow Street, New Haven, Conn.

**SEE FLUORESCENT lighting in your office**



**Immediate demonstration with NEW WAKEFIELD BRIGADIER**

a certified FLEUR-O-LIER checked by E. T. L.

HERE'S a smart, modern lighting fixture that gives you all the benefits of amazing new white fluorescent lighting. Much more light for easy seeing... glareless... pleasing color... cooler light... with amazing efficiency. The Wakefield BRIGADIER gives you fluorescent at its best. Write for further information and demonstration.

**THE WAKEFIELD BRASS CO.**  
600 BANK PARK, VERMILION, OHIO

## Stabilization Fund Activity

The May Treasury *Bulletin* reports that the Stabilization Fund during the last half of 1939 added to its profits and earnings on investments and on gold bullion transactions. On sterling and franc operations it incurred slight losses. During the half-year the Fund increased its holdings of government bonds from \$5,000,000 to \$12,282,000. From January 31, 1934, through 1939 the Fund's telephone and telegraph bill totalled \$246,844.

## THE PUBLIC NATIONAL BANK AND TRUST COMPANY OF NEW YORK

**Service**—Maintaining an intimate, personalized correspondent bank service.

**Experience**—Officials with years of service in this field, assuring a knowledge of requirements and valuable assistance.

**Policy**—To cooperate with out-of-town banks rather than compete for business which is rightfully theirs.

Resources over  \$170,000,000

ESTABLISHED 1908

MEMBER  
NEW YORK CLEARING HOUSE ASSOCIATION  
FEDERAL DEPOSIT INSURANCE CORPORATION

# An Employee Sales Plan That Sells

**I**N 1939 the 320 employees of the First National Bank in Atlanta, Ga., reported more than 7,500 public contacts, either with customers or prospects. They obtained, during that time, \$615,000 in loans, \$800,000 in average balance checking accounts, \$1,100,000 in trust business, 157 safety deposit box rentals and the sale of 436 travellers' checks totalling \$75,000.

It all started back in 1935 when the bank celebrated its 70th anniversary and the chairman of the board stated

that he wanted it to be the best year in the bank's history, asking the new business department to formulate plans to that end.

The plan began early that year with officers calling on every shareholder of the bank and directors calling on their friends. Then the officers visited customers and asked each one the question: "Is there anything we can do for you that we are not now doing?"

By August the spirit had pretty well permeated the organization. The bank

then brought the employees in on the plan and allowed them monetary rewards for getting new business. Officers held a series of meetings for employees, explaining every service that was to be sold, and after three weeks' training the employees began a six weeks' sales plan, obtaining a large number of safe deposit, loan and other customers.

As a result, the employees themselves petitioned the chairman of the board to be permitted to sell the services of the bank on some plan to be worked out by a committee. Out of this suggestion came the permanent sales plan, designed more to encourage the employees' interest in the institution than to get new business. However, the results have been splendid in that direction also.

## PERMANENT SALES COMMITTEE

NOW the bank has what is called the permanent sales committee, which worked out the details of the permanent sales plan. It is composed of the vice-presidents in charge of advertising, new business, credits and operations, the personnel manager, and the advertising and new business manager. This committee meets at least once each quarter.

Under the permanent sales committee's plan all employees of the bank can solicit F.H.A. mortgage loans, improvement loans, monthly repayment loans for individuals, automobile loans, insurance premium loans, safe deposit box rentals, checking accounts, night depositaries, travellers' checks, tenants for the bank's real estate, and commercial and collateral loans (provided they obtain prior approval of the credit department).

However, this permanent sales plan and employee selling is only a means to an end. That is, it is designed to encourage employees to know more about their bank so that they can talk intelligently whenever the subject of banking comes up, and to encourage them to sell the services of the bank because it is something they want to do instead of something they feel obligated to do.

"We feel that we cannot even begin to estimate the advertising and public relations value of having 320 employees out speaking well of the institution every day and every month of the year," says Wade G. Murrah, advertising and new business manager. "We obtain much more good will than we ever had before. Employees feel themselves a part of the bank rather than as working for it."

**REORGANIZATION COMMITTEE for  
MOBILE AND OHIO RAILROAD COMPANY  
AND FOR UNIFICATION OF ITS PROPERTIES WITH THOSE OF  
GULF, MOBILE AND NORTHERN  
RAILROAD COMPANY  
and  
NEW ORLEANS GREAT NORTHERN  
RAILWAY COMPANY**

### To Holders of

#### MOBILE AND OHIO RAILROAD COMPANY

Refunding and Improvement Mortgage Bonds  $4\frac{1}{2}\%$   
Series due 1977

5% Secured Gold Notes due 1938

Montgomery Division First Mortgage 5% Bonds due 1947

If this road were not being reorganized in equity receivership deposit of securities might not be called for. However, since the equity proceedings contemplate a sale of the properties under foreclosure, deposit of a larger percentage of bonds is essential in order that the Reorganization Committee may be in a position to bid in the properties when they are put up for sale.

On May 7th the Court appointed Ford, Bacon & Davis of New York, N. Y., to make an examination of the properties to assist the court in fixing upset prices, and it is expected that a foreclosure decree ordering the sale of the properties will be entered in the near future. The New York Trust Co. of New York, N. Y., depositary, has on deposit more than 60% of the total amount outstanding.

**Banks should notify the Committee Representative\* if they hold bonds and also give the names and addresses of clients holding securities, so that copies of the plan and agreement may be mailed to them.**

\*JOHN E. MORRISON, SR.,

Committee Representative

20 Pine Street, New York, N. Y.

Telephone: WHitehall 3-7474

FREDERIC W. ECKER,

Chairman

EDWARD H. LESLIE,

JOHN K. OLYPHANT, JR.,

Reorganization Committee

☆

**CERTIFICATES OF DEPOSIT ARE LISTED  
ON NEW YORK STOCK EXCHANGE**

☆

Cash prizes are awarded, based on points. On each type of business obtained the employee is credited with a certain number of points, e.g., on loans, 50 points per \$100; on checking accounts, 50 points per \$100; trust business, wills, etc., 50 points per \$1,000, and so on, according to the various types of business.

In order that a bookkeeper would not have to compete with a teller for an award, the organization is divided into four groups according to contact opportunities. Each month the employees obtaining the highest and second highest number of points in each of these groups are awarded \$10 and \$5 respectively. On a quarterly basis awards ranging from \$25 down to \$5 are given to the ten highest scorers in the bank, regardless of group. Each quarter the bank also awards first and second prizes to such departmental chairmen as are judged to have done the best job during that quarter.

Incidentally, irregular meetings are held for certain groups of employees, largely contact employees, who hear talks on various services of the bank and how to sell them, and they are also supplied with pamphlets to hand to customers.

The bank publishes a newspaper, devoted solely to the sales plan, which covers work that employees are doing to further the plan from month to month.

### Bank and Public

SELLING YOUR BANK is the title of a 40-page book prepared and issued by the Public Relations Commission of the Kansas Bankers Association. It was published because of a demand on the part of Kansas bankers for material, in addition to that of the American Bankers Association, which would "serve as a chart and, at the same time, provide ideas and suggestions that could be applied by banks regardless of the size and type of community they serve", on the problems of public relations.

The main headings of this study are: "Bank Management and Customer-Public Relations", "The Need of Salesmanship in Banking", "Conversations That Occur Too Often", "Poor Customer-Public Relations Are Very Costly", "Good Customer-Public Relations Are Very Profitable", "How to Establish Improved Customer-Public Relations for Your Bank", and "Selling Your Bank".

The book is printed in black and green and is spiral-bound. It contains

illustrations and diagrams and is typographically designed to emphasize certain particularly important angles of the subject with which it deals.

### Page Girls

THE FOLLOWING ITEM appeared in a recent issue of the *New York Times*:

"The Bankers Trust Company, one of the largest banks in Wall Street, has replaced a third of its page boys with page girls. It was explained at the bank yesterday that this pioneering move in the financial community was not taken with a view to 'glamour', but in the

interests of economy and to further promotional opportunities for employees.

"The bank normally employs 700 male clerks and 500 female clerks, and 40 page boys. By replacing about 15 of the boys by page girls, promotions will follow more rapidly into clerkships. It was explained that the page girls are confined to interdepartmental deliveries and not in the customer areas. The bank desires it to be understood that it is not planned to have the page girls wear special uniforms, and that business intelligence and not glamour dictates the hiring."

## R. G. RANKIN & CO.

CERTIFIED PUBLIC ACCOUNTANTS

Examinations  
of  
Banks and Trust Companies  
for  
Directors Committees

CHICAGO NEW YORK WASHINGTON

Every ten minutes of the day a mail plane or train is leaving or entering Atlanta—fast service for your items. Correspondent service at the Fulton is accurate, fast, interested. Specify the Fulton for Atlanta and Southeast items.



FULTON NATIONAL  
ATLANTA Bank GEORGIA



## Ten Loopholes for Forgery

(CONTINUED FROM PAGE 33)

curs by discounting a promissory note that is forged, raised, altered or counterfeited or one bearing a forged signature of an endorser or surety. Clause A also covers attorneys' fees necessary in establishing the bank's title to securities purchased or applied as collateral.

3. The bank sells securities as broker, agent or fiduciary.—It guarantees to the buyer that the securities are bona fide. If a forgery, alteration or defect in title is subsequently discovered (and

present at the time of sale), the bank must make good to the buyer. Legally, it has recourse against the party for whom it sold the securities. It may be able to recover, but in many cases it cannot.

Securities Bond Standard Form No. 3 protects the insured for any loss it may sustain through sale as agent, or broker, for any of its customers or in its trust department, of any forged, raised, otherwise altered, lost or stolen bonds, stocks and instruments included under part (a) of footnote 2 in addition to real estate

mortgages and similar instruments and promissory notes. This coverage (insuring clause B) includes reasonable attorneys' fees necessary in defending any suit brought against the bank to enforce its liability for damages following sale of the securities.

4. The bank guarantees and witnesses signature on securities.—When this is done—for the bank itself or as an accommodation to brokers and other customers—the bank in effect guarantees the following to be genuine: (a) signature on securities, (b) endorsements, (c) that the security itself is valid, (d) that the parties to the security had the authority to affix their signatures thereto, (e) that the title conveyed is good.

Securities Bond Standard Form No. 3 covers loss (insuring clause C) the bank may incur by guaranteeing and writing or witnessing any signature upon any transfers, assignments, bills of sale, powers of attorney, guarantees, endorsements or other documents in connection with the stocks, bonds and instruments included under part (a) of footnote 2. Attorneys' fees necessary in defending the bank's liability for damages are included.

5. The bank acts as transfer agent and registrar for a corporation.—Its liability is that of transferring and registering genuine securities only. If it transfers a forged or falsely endorsed security, or one defective in title, the holder of the new certificate can enforce his rights to it. By the same token, the true owner of the forged certificate that has been transferred has a claim, and the bank as transfer agent stands to lose.

Securities Bond Standard Form No. 4 covers (insuring clause A) the bank for any loss it sustains in countersigning, validating, registering or issuing any certificate of capital stock of a corporation proved forged, raised, otherwise altered, lost or stolen—on which transfers, assignments, bills of sale, powers of attorney, guarantees, endorsements or other documents passing title to the securities shall have been forged, raised, otherwise altered, lost or stolen.

6. The bank acts as its own transfer agent.—Transferring and registering its own securities, the bank is responsible for loss if the securities proved to be forged, altered or defective in title. It must make good to the true owner of the transferred certificate, having recourse only against the party who presented it in the event of defective title, forged endorsement or alterations; and if the security itself has been forged, the bank has not even this recourse, because in the act of transferring, it

# OVERNIGHT

## COLLECTION AND TRANSIT SERVICE

### AIRMAIL- Coast to Coast RAIL MAIL- Within 500 Miles

# The Omaha National Bank

Omaha  
Nebraska
Member  
F.D.I.C.

## GATEWAY to the SOUTH

is a phrase truly descriptive of Nashville.

A THIRD NATIONAL Account will prove the key to profitable business here.

# THIRD NATIONAL BANK

IN NASHVILLE      Nashville, Tennessee

Member Federal Reserve System and  
Federal Deposit Insurance Corporation



has supposedly recognized its own security and ratified its genuineness.

**Securities Bond Standard Form 4** covers loss (insuring clause C) which the bank may sustain in registering the transfer of its own stock or other obligations that are forged, raised, otherwise altered, lost or stolen, or those on which transfer, assignment, bill of sale, power of attorney, guarantees or endorsements or other documents passing title have been forged, raised, altered, lost or stolen.

Following are four additional aspects of forgery coverage which are now given in the revised forgery clause of Bankers' Blanket Bonds No. 8 Revised and No. 2.

7. *The bank accepts securities for safekeeping.*—When issuing its receipt for these, the bank imposes upon itself liability not to deliver the securities except upon presentation of the genuine receipt properly endorsed.

*Bankers' Limited Forgery Bond* protects against loss through delivery of securities left in its care for safekeeping when the receipt issued bears a forged endorsement, or when the genuine receipt genuinely endorsed is accompanied with a forged order.

8. *The bank issues checks on its depository in the U. S. A. or abroad.*—Its liability depends on whether it has exercised due care in preparing the instrument and in discovering any irregularity within a certain time after it has been paid. If due care has been exercised, liability for loss through forgery usually rests with the depository. Even if litigation is not invoked, a harmonious depos-

itory relationship may well be embittered. In cases where the bank cashes or pays its own instrument drawn on a depository, the depository obviously has no liability and the loss is the bank's.

*Bankers' Limited Forgery Bond* covers both bank and depository for loss in paying any check or draft drawn by the bank on itself or on its depository.

9. *The bank certifies checks.*—It guarantees that (a) signature on check is genuine, (b) depositor has the amount of check on deposit, (c) the amount will be there when check is presented for payment and (d) the bank will pay it if properly endorsed.

*Bankers' Limited Forgery Bond* covers the bank's loss in paying certified checks that prove to be forged, raised, otherwise altered or bearing false endorsements.

10. *The bank issues a certificate of deposit.*—It thereby engages to pay the certificate to the original owner, or to his order. If it pays on a forged endorsement, it is liable, unless there is collusion or ratification on the true owner's part.

*Bankers' Limited Forgery Bond* covers loss through paying any certificate of deposit issued by the bank, which is forged, raised, altered or upon which any endorsement is forged.

## Close Contact with the Majority of Michigan's Important Industries



# NATIONAL BANK OF DETROIT

DETROIT, MICHIGAN

Member Federal Deposit Insurance Corporation

### SOUTH DAKOTA B. A.

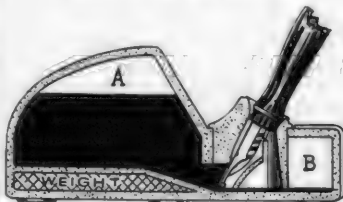
F. F. Phillippi, cashier, Dakota State Bank, Milbank, S. D., is president of the South Dakota Bankers Association for 1940-1941



New "tip-in-ink" feature adds to ease, convenience, smoothness of writing—with the famous *handi-pen*

**UNIFORM PEN-INKING—NO FLOODING—NO INKY FINGERS**

Executives—employees—customers—all enjoy the effortless, instant writing of the handi-pen. And this new feature makes it doubly welcome on any desk. . . . Holds up to a year's ink supply, less refilling. \$2.50 to \$45.00. Beautiful new streamlined HP-6 (illustrated) \$2.75. Order now from your stationer. Or write for 10-DAY FREE TRIAL OFFER.



● Only tip touches ink. Ink can't creep up. Narrow slit feeds only enough ink for instant writing.

(Tear out and mail coupon today)

Sengbusch Self-Closing Inkstand Co.  
Sengbusch Bldg., Milwaukee, Wis.

Please ship me — handi-pen sets HP-6 for a 10-day free trial, with no obligation to me.

Name.....

Address.....

City..... State.....

# ASK BANKING

## Prizes Every Month!

Each month \$5 will be paid for the best question submitted to this department, and \$2 will be paid for all other questions answered here. Generally, the questions should be related to bank methods and operations. Other questions will be answered by letter.

Answers will be given by E. S. WOOLLEY, who conducts the department, and other operations authorities of BANKING.

*Following is the question that wins the \$5 award this month.*

**Is accrual accounting practical for a small bank with assets of \$2,500,000 or less?**

IT IS just as practical for a small bank as for a large one. However, it is not necessary to accrue on a daily basis. The only objects of accruing are (a) to level off, as far as possible, the income and expense accounts of short periods, such as a month, so that comparisons between them or standards is possible, and (b) as an aid to the audit of income and expenses by providing the auditors with something to "tie to". Both of these purposes can be served just as well by monthly as by daily accruals and with much less clerical work.

There are only a few items in a small bank which need to be accrued. These are: interest income, rentals, interest expense, stationery and supplies, bank examinations, insurance, taxes, etc. In other words those larger items of income and expense which are collected or paid in one month but which properly apply to subsequent ones. For the most part, expenses such as salaries are paid during the month in which they are incurred. Then there are others, such as telephone, in which there is so small a variation between months that the extra work of accruing is unnecessary. These accounts can be tested periodically for audit purposes. For example, tellers' exchange collected can be tested by checking the cashed items drawn on other banks either from the photographs of the checks, or, failing that, from the cash letters.

The only real problem in accruing the accounts in a small bank is that of the

interest on notes. This can be accomplished by dividing the interest, at the time the notes are drawn, into the months in which it will be earned. Two columnar books, or sets of sheets, will be required, one for the discounted and one for the interest bearing notes. The earned amounts will be posted to the general ledger controls once a month from these records.

**Where can information on personal loan and automobile financing systems and the calculations of rates, etc., be obtained?**

A GREAT deal has been written on these subjects recently. A complete bibliography can be obtained from the A.B.A. Library. Some of the books or booklets listed in this bibliography are: *Personal Loan Department Installation and Operation* issued by the Bank Management Commission of The American Bankers Association; *Small Loans, an Investment for Banks* by W. B. French, published by Bankers Publishing Co., Boston; *Consumer Credit and Economic Stability* by Rolf Nugent, published by Russell Sage Foundation, New York; *The Consumer in Commercial Banking* by H. C. Jennings, published by Consumer Credit Institute of America,

Inc., New York. Information on any phase of consumer credit can be obtained from the Consumer Credit Department of the American Bankers Association, 22 East 40th Street, New York City.

**What kind or kinds of paper can be rediscounted at the Federal Reserve banks?**

BRIEFLY any commercial, agricultural or industrial paper bearing the endorsement of a member bank and the proceeds of which have been or are to be used in the conduct of trade in any of the steps of production or distribution, or of meeting current operating expenses therefor, and also notes issued for the purposes of carrying or trading in direct obligations of the United States. Even though paper is not eligible for rediscount it may be used as security for an advance to a member bank under certain prescribed conditions. Full information and instructions regarding both of these phases are contained in a 21-page booklet, known as Regulation A, issued by the Board of Governors of the Federal Reserve System and obtainable from the Federal Reserve bank in the particular district in which the inquirer is located.

## BOOKLETS

**INSULATION.** *Livable Interiors for Warm Climate.* The Celotex Corporation, 919 N. Michigan Ave., Chicago. Attractive new booklet published especially for prospective home builders in southern and western states.

**CHECKS.** *Personalized Checks.* De Luxe Check Printers, 900 North Franklin St., Chicago. Describes a plan for personalized checks which is rapidly winning acceptance among the medium sized and smaller banks.

**FILING.** *A New Way to Store Your Old Bank Records.* The Steel Storage File Company, 2216 W. 63rd St., Cleveland, Ohio. This booklet suggests a solution to the problem of economical and accessible filing of semi-active and inactive records.

**REFRIGERATION.** *Centrifugal Refrigeration.* Carrier Corporation, Syracuse, New York. Four-page leaflet describing the developments in design and the operating cycle of the Carrier centrifugal refrigerating machine.

**PAPER.** *Bond.* Hammermill Paper Company, Erie, Pennsylvania. Samples of bond paper in various colors with envelopes to match.

**BONDS.** *Investment Credit File.* Poor's Publishing Company, New York, N. Y. Recognizing the necessity for as complete credit information on bonds as on notes, the publisher, in cooperation with a New York bank, has prepared a service which enables any bank to maintain at a nominal cost complete investment files on each security owned.

In order to give old and new employees an idea of what goes on in the different departments of the bank, we desire to prepare a manual of operations. Where can such a manual be procured, or failing that, a chart from which it could be prepared?

SOME bank organizational charts appear in *Bank Administration* by H. N. Stronck, published by Rand McNally & Co. Explanations on how to prepare charts are shown in *Graphic Charts in Business* by Allan C. Haskell, published by Codex Book Co. of New York. Either or both of these will be of assistance in charting the operations of an individual bank. In any case the building of an organizational chart is the first step in preparing an operating manual. The master organizational chart merely shows the positions in the bank in general. The departmental charts show the various positions in detail, but, of course, do not list the duties of those positions.

The manual of operations follows the outline of the charts and lists the duties of each position. This manual, like the charts, can be controlled by a master manual showing in synopsis the duties which will be shown in detail in the departmental manuals. Whether such master and departmental charts and manuals are required, or whether they can all be contained in one, depends upon the size of the bank.

Such charts and manuals, however, are of value not only in giving "old and new employees an idea of what is going on in the different departments", but also they are of real assistance to man-

agement in controlling those operations.

Most banks use the dual system of posting checking account ledgers and statements separately in order to detect mispostings. How is it possible to catch such errors under the single posting system?

UNDER the single posting system one bookkeeper visually "posts" the debits and credits and offsets the sheets of all accounts so affected. All the debits and credits are run on an adding machine to a journal in their alphabetical or ledger sequence. This can be

divided between the A.M. and P.M. items, but the sheets offset in the morning remain so until the end of the day. At that time the balances appearing on these offset sheets are listed and the sheets returned to their normal position. Next morning someone other than the visual payor relocates each account, picks up the old balance, and actually posts the items. Therefore there is as distinct duality of posting as under the separate posting system. Mispostings also can be as easily located by reference to the journal sheet and control figures.

## 4 CORRESPONDENT ADVANTAGES that Spell...

# SPEED!

1. Its strategic location inside the Union Stock Yards gives Live Stock National Bank quick and direct access to the rail and mail terminals centered here for the benefit of leading agricultural interests.
2. More than half of the Bank's staff is especially trained to serve out-of-town customers—using
3. methods and machines developed and perfected during
4. 72 years of sound banking experience.

Consider these advantages and you will understand why Live Stock National is able to handle the Chicago needs of nearly 500 agricultural banks—so quickly, completely and helpfully. If you are interested in agriculture, consider them, too, in the light of your own correspondent requirements.

## Live Stock

## National Bank of Chicago

UNION STOCK YARDS

Established 1868

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

### Ask Banking's Readers

THE question below is an interesting one, and it is published with the idea that some of BANKING's readers may know the answer. BANKING would appreciate an answer that will be satisfactory to the inquirer. This month's question is:

"We would be interested in a device that could be used as office equipment to copy pages from books, drawings or typewritten matter and would give results similar to photostatic copies, except that it would be designed to operate without liquids in open trays. There is available on the market a machine of this type which can be used to copy typewritten material, pages of books, etc., using a paper that is sensitive to light, but it is then necessary to develop the sensitized paper in a tray filled with liquid, which is objectionable for use in an office. The purpose of this machine would be to eliminate the considerable amount of work (copy) which must now be done on typewriters."

# "Dear Mr. Cook . . ."

## Tomorrow's Customers

Many banks feel that tomorrow's public relations can be anticipated by making friends with tomorrow's customers, today's children. Taking this viewpoint, the Second National Bank of Bucyrus, Ohio, invited seventh and eighth grade pupils to visit it. H. E. Cook, the president, who also is former President of the National Bank Division, American Bankers Association, showed the youngsters the sights, gave them a simple talk on banking, and supplemented his story with some interesting educational material which they took home.

A day or two later the children, as a school assignment, wrote letters to Mr. Cook giving their impressions of the visit. Here are excerpts from some of the letters.

"YOU have a very nice bank, and I enjoyed my visit there very much.

"The thing that interested me the most was the way you can wind those time clocks on the vault, and no one can open them until the clock runs down."

"I am sure I shall always remember the machine that added and subtracted, and the vaults. I held two dollars and fifty cents in my hand that was just one coin. I also held the one hundred dollar bill and the fifty dollar bill. The pamphlets you gave us were also very helpful. My Mother and Father read mine over and over."

"I BELIEVE you explained everything very thoroughly. I have read all through the book that you gave to us. My mother and father have read it, too, and say it contains a lot of helpful information. It has answered many questions and other things which I did not understand . . . I hope I will be able to open a bank account with your bank sometime."

"I was interested to learn how the vault doors and locks operate. It is fine that they are so made that a person will not suffocate if bandits lock one inside.

"I wish we could have had more time to see all the interesting things in the banking business. I enjoyed your talk before we started the tour very much. I can see how now-a-days it would be hard to put your money in a bank and the next day find it gone because now there are so many new devices, which

were never dreamed of a few years ago, to protect your money."

"Before our visit to the bank I was very curious to see the vaults. The adding machine fascinated me, but I still don't quite understand how it works. Upon feeling a fifty dollar bill and a one hundred dollar bill your heart leaps into your mouth. Do you keep very many guns or firearms in your bank?

"After visiting your bank I have decided I would like to work in a bank when I grow up."

"I TOOK the pamphlet home and read it the same night. I found it very interesting. I liked my visit to the bank because I had never seen a hundred or a fifty dollar bill. I was startled when you threw a bag of nickels over, and I caught them:

"They weren't very light in weight! I would like very much to visit your bank another time. Two things I found interesting were the handling of the gun and a two dollar and a half gold piece. When are you going to send one of your representatives to our school? I hope it will be soon because the school year is about over."

"I learned a lot of new things, especially the vaults, your deposit machines, and how they worked, and also the burglar alarm and the guns. I don't see how any robber could get away, and, if they did, it wouldn't do you any harm because you have insurance.

"But there is only one thing I don't understand: how can the insurance company make any money? I know that you pay so much money to the insurance company every so often, but then the insurance company has to pay that to some bank that has been robbed. I think I shall come in again when you are not busy and have you explain it to me."

"I ENJOYED visiting your bank. Some times I go in with mother and a couple of times I cashed checks myself for her. I felt very proud because my name was on the back of the check. I was only in the fifth grade at the time.

"I liked the booklet that you gave us, and when I told mother how much money I had held, she told me that I had held more money than she ever did. Mother gets a check cashed on the first of every month. I am glad mother gets her checks cashed at your bank. When I get older, I am going to put my

Dear Mr. Cook,

I enjoyed visiting your bank very much. I think the rest of the children enjoyed it as much as I did.

I enjoyed it mostly when you showed us the vaults. I would like to visit your bank again.

I have read some of the book that you handed out to all the class about the bank and found it very interesting. Mother has read it. I have read about how you keep the money, and how you keep it from them. It is a very interesting.

Sincerely yours,  
Robert Burryllee

money in the Second National Bank."

"I especially enjoyed it when you showed us the vaults and the machine that you use for adding and subtracting the personal bank accounts.

"The book you gave us on banking I found to be very interesting. I showed it to my father, and he said it was a very nice book, too."

"YOU have a very nice safe bank. I am sure that the people who work for you and know you like you very much.

"I want to tell you that all your employees are very nice too."

"I hope you will have a lot of progress and be able to run the bank as long as you want to."

"When I got home that noon I asked my mother what we would do if we didn't have a bank. Then she said 'The town would be full of robbers and probably every place you would look there would be a robber!' So don't move out of town. Give my best wishes to the employees."

"I wish I could work in a bank that had a lot of money. Am I glad one of your men let me hold the gun and the money too! I wish I had a gun like that!"

"I'd like to know if I could come in the bank sometime and talk to you. I'd like to know if the new Jefferson nickels are really being called back because I have ten of them at home. Another thing I'd like to do is start a bank account because you need a lot of money when you go to college."





## Where the Standing Order is— "UP ANCHOR"

50th ANNIVERSARY YEAR



It is "up anchor" the year 'round in Central National Bank's co-operation with commerce and industry. In its half-century of experience, this bank has helped to chart courses which have established direct routes for prompt handling of financial business routine.

Your correspondent relationship with Central National, therefore, is assurance that transit items will clear with dispatch—that collections will sail the smoothest course—that your orders will be carried out with preciseness.

Perhaps this is why today, more than ever before, industrial leaders and banking officials elect to "Central-ize" their activities in the great industrial empire of the Great Lakes.

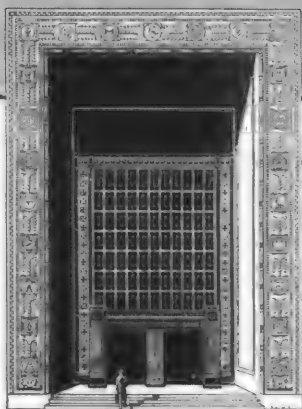
## CENTRAL NATIONAL BANK of Cleveland

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

## BANKING'S Advertisers June 1940

American Surety Company.....	55
Anaconda Copper Mining Company...	63
Bank of America N. T. & S. A.....	60
Burroughs Adding Machine Company...	18
Canadian Pacific Express Co.....	68
Central National Bank of Cleveland...	79
Chase National Bank.....	80
Commercial Investment Trust, Inc.....	10
Continental Illinois National Bank and Trust Co.....	62
Crane Co.....	22
C. J. Devine & Company.....	3
De Luxe Check Printers, Inc.....	5
Dictaphone Sales Corporation.....	21
Ediphone, The. Thomas A. Edison, Inc.	65
Felt & Tarrant Mfg. Co.....	24
Fireman's Fund Group.....	67
First National Bank of Chicago.....	59
First National Bank of Memphis.....	69
First National Bank in St. Louis.....	6
Fulton National Bank.....	73
General Motors Acceptance Corporation	17
Harter Corporation.....	17
Home Insurance Company.....	82
Hotel Roosevelt, New York City.....	6
Improved Risk Mutuals.....	11
International Business Machines Corporation.....	12
Investors Syndicate.....	2
Geo. LaMonte & Son.....	48
Lamson Company, Inc.....	3
Lawrence Warehouse Company.....	104
Liberty Mutual Insurance Co.....	15
Live Stock National Bank.....	77
Longines-Wittnauer Watch Co.....	70
Marchant Calculating Machine Company.....	14
Manufacturers Trust Company.....	61
Maryland Casualty Company.....	7
Maryland Trust Company.....	17
George S. May Company.....	Cover IV
Mercantile-Commerce Bank and Trust Company.....	68
Mobile & Ohio Railroad Company.....	72
Morris Plan Insurance Society.....	103
National Bank of Detroit.....	75
National Cash Register Company.....	9
National Surety Corporation.....	4
National Union Fire Insurance Co.....	66
Omaha National Bank.....	74
Pacific Gas & Electric Company.....	16
Philadelphia National Bank.....	8
Photocraft.....	71
Public National Bank and Trust Co.....	71
R. G. Rankin & Co.....	73
Recordak Corporation.....	47
Remington Rand, Inc.....	Cover III
Royal Bank of Canada.....	66
Secured Negotiable Instruments, Inc...	69
Sengbusch Self-Closing Inkstand Co...	75
Standard Accident Insurance Company	58
Steel Storage File Co.....	66
Third National Bank in Nashville.....	74
The Todd Company.....	Cover II
United Service and Research, Inc.....	6
F. W. Wakefield Brass Co.....	71

# Broaden your service to customers with CHASE correspondent facilities



BY establishing correspondent relationships with the Chase, banks throughout the country give their own customers — farmers, manufacturers, merchants — the advantages of additional facilities. In turn

the Chase calls on these banks for many valuable services and through them figuratively feels the pulse of the nation's business. Through the Chase, correspondent banks speed their collections, secure loan accommodations on short notice, obtain up-to-date information on trade conditions and investments, expedite transfers and keep posted on the current financial standing of American and foreign corporations. Thus they broaden their own service to customers.

THE CHASE NATIONAL BANK  
OF THE CITY OF NEW YORK

*Member Federal Deposit Insurance Corporation*

# ★ ORGANIZATION ★

PRESENT DAY BANKING'S PROGRAM OF ACTION

THE EDITORIAL PAGE	WILLIAM R. KUHNS	83
A SERVICE AND EQUIPMENT MEETING	G. FRED BERGER	84
KNOW YOUR SAVINGS ACCOUNTS	J. R. DUNKERLEY	86
FARM CREDIT LEADERSHIP	PICTURES	88
A TRUST RESEARCH WEEK	PICTURES	89
ASK THE A.B.A.		91
A BANK'S INSURANCE	PICTURES	92
THE REAL ISSUE	ROBERT M. HANES	93
BETTER REAL ESTATE LOANS	PICTURES	95
NEWS PAPER		99
CALENDAR		102

A LENDING SURVEY . . . 91 \* THE OUTLOOK FOR BOND PRICES . . . BY LEONARD P. AYRES . . . 94  
 \* A REASON FOR CONFIDENCE . . . BY MYRON F. CONVERSE . . . 94 \* A BANK'S FIRST DUTY . . .  
 BY HENRY W. KOENEKE . . . 97 \* MONETARY MAGIC . . . BY FRED F. LAWRENCE . . . 97 \* CUSTOM-  
 ERS' INSURANCE . . . BY KENNETH C. BELL . . . 97 \* ATLANTIC CITY, SEPTEMBER 22-26 . . . 98



## RENT INSURANCE

**PAYS**—*when Fire affects Income*

**F**IRE never stops at material damage. It strikes deeper—into the web of values that thrive *invisibly* within physical structures. Loss of rentals following fire often means draining the lifeblood of a trust, or even affecting the security of a loan. Fire coverage is essential, yet it does not provide protection against loss of rents. When fleeing tenants are expelled by fire, some

other source must replenish this sudden cessation of income, unless Rent Insurance is carried. This timely coverage mends the gap in current income, lost after fire forces the occupant out.

Let our local agent discuss with you the advantages of Rent Insurance. He will also describe other forms written by THE HOME to protect *invisible* values.

**THE HOME INSURANCE  
COMPANY  
NEW YORK**

FIRE — AUTOMOBILE — MARINE and ALLIED LINES OF INSURANCE



# The Editorial Page

By WILLIAM R. KUHN

## Action—

THESE ARE serious times and Americans are often guilty of unbecoming optimism and complacency when the script calls for despair.

\* \* \*

SO, PROCEEDING right to the point, American banking has never had a greater opportunity—a more important responsibility—in the entire history of the Republic than it has today. This is a simple statement of fact, not whistling in the dark or attempting to minimize the tragedy abroad, much less ignore the domestic comedy of errors which is not a bit funny.

\* \* \*

A POLITICALLY independent banking system and a democratic form of government are inseparable. Take away the first and you have precious little democracy left. Now, the threat to freedom from the totalitarian governments is serious, of course, but we do not have to go all the way across the ocean to find danger of the same sort. We do not want to be in the position of discovering some day, to our innocent amazement, that this thing we prize has been quietly taken from us while we were feeling sorry for Europe and our back was turned.

\* \* \*

THE OPPORTUNITY that bankers have is to see that the independence of our banking system is preserved intact. In order to do this they must know their business so well and serve the public so thoroughly that government lending agencies will accumulate nothing but cobwebs and there will be no demand for their funds from qualified borrowers.

Political organisms have more lives than a cat and are ambitious besides. Conceivably these agencies might continue lending operations no matter what kind of services the banks render, but the business would be a long way from banking.

Everybody has been talking for a long time about government competition as they would discuss bad weather, but President HANES decided to do something about it with a degree of vigor, earnestness and intelligence that impressed the whole country. He set in motion a Program of Action. The text is "*Know Your Bank*"—*know all about it and see that your depositors, borrowers, directors, stockholders and the general public know it too*. Eternal vigilance on the legislative front is needed, of course, but Mr. HANES feels that fundamentally the safeguarding of the present banking system is largely up to the bankers themselves, by demon-

strating an unquestionable superiority of service. This is not a job for one bank or any one particular group of them but a responsibility that is shared by everyone in the business, every individual employed in banks.

\* \* \*

EVEN IN NORMAL TIMES (if you can remember them) this program would have been tremendously important, but, with democracy and its synonymous blessing, economic freedom, at stake, the whole thing takes on a deeper meaning that is not materialistic.

## Men at Work—

A NON-BANKER happened to attend a recent session of a banking conference and discovered something.

\* \* \*

ALMOST EVERYTHING on the program had to do with improving bank service to the public. Imagine it, and bankers at that! One might expect to hear talk about interest rates, taxation, money-saving methods,



credit, gold, new business and government deficits, not to mention golf and kindred topics, but these people seemed to be concerned chiefly with doing their jobs better.

\* \* \*

A FEW YEARS ago most of the meetings attended by bankers contained a generous mixture of fun with work. Today the picture is different, although still not a case of all work and no play. There are speeches, discussions, forums and clinics on various matters but the theme that runs through it all is the improvement of the bank product, broader service and ways to build good will.

\* \* \*

ONE FACT stands out like a beacon at night and that is that the business world is doing these things and not the political world. A group of public officeholders meeting without entertainment, for the purpose of studying how to improve their services to the public that pays their salaries, would be something to gaze upon, *n'est-ce-pas?*

# A Service and Equipment Meeting

G. FRED BERGER, *treasurer, Norristown-Penn Trust Co., Norristown, Pennsylvania, submits below a report on the meetings of bank equipment and supply manufacturers' representatives, reported in April BANKING, at which he acted as chairman*

To the Editor of BANKING:

I AM enclosing herewith a formal report of the meetings of the representatives of manufacturers of equipment and bank supplies held in the Jansen Suite at the Waldorf-Astoria Hotel, New York City, on March 4 and 5, 1940.

The report contains, in addition to the reports of four sub-committees covering specific items included in the agenda of the meetings, some other comments which may be of interest.

It has been my good fortune to be chairman at many meetings of various kinds, but I believe it is only fair to say that I approached this meeting of men, who represent keen competitors in the bank equipment and supply field, with some fear and trepidation.

And I have never been more pleasantly surprised! The men who attended these meetings apparently came to them with a combination of curiosity and open-mindedness, but after the first half hour of the first meeting they caught the spirit and purpose of the conferences, which resulted in their contributing without reservation by way of suggestions and recommendations, which are recorded in the reports of the sub-committees and in my own report.

Because it has been demonstrated that these men can forget the limitations of a competitive field in their discussion of the broader concepts of the service they wish to render, I am hopeful that the meetings here reported will be but the beginning of a series of not less often than annual meetings. These men and the organizations they represent do a vast amount of research work along banking service lines, and if by means of these meetings the A.B.A. is placed in a position to serve its members better, as well as to facilitate the approach of these men in their desire to extend this service, then everybody can and should benefit.

ON March 4 and 5, at the invitation of Dr. Harold Stonier, publisher of BANKING, meetings, for the purpose of general discussion of the point of view of bank equipment and supplies manufacturers on some of the service problems of banking, were held in the Jansen Suite at the Waldorf-Astoria Hotel in New York City. They were attended by representatives of many of these organizations.

In the April issue of BANKING a roster of those attending these meetings was included, so that a further record of their names at this time would seem to be unnecessary.

In order to provide the basis for constructive discussion, an agenda was prepared, which included the following four main topics:

1. *Suggestions and recommendations which will contribute toward the preparation of a manual on merchandising of bank services.*

2. *Consideration of the standardization and simplification of forms and modernization of records.*
3. *Work-planning for most efficient use of employee working hours to render required service to customers and to conform to provisions of the Wage and Hour Act.*
4. *Purchasing procedure as it affects machines and equipment.*

With these subjects as a key to our program, those attending the meeting entered into the discussion quite freely, expressing many opinions and making many suggestions and recommendations.

The discussion was taken by stenotype, and typewritten copies of the transcript were made available, covering each subject, as soon as possible after the discussion ended. At the end of each discussion, a sub-committee, composed of some of those attending the meeting, was appointed and the beforementioned typewritten transcript of the detail of the discussion was made available to that sub-committee.

As a result, each of the four sub-committees has presented a report covering the subject as scheduled on the agenda, with recommendations and suggestions which the staff of BANKING and the A.B.A. should find of value.

Copies of these sub-committee reports are attached to this report.

However, in addition to the discussion which might be considered as directly pertaining to the subjects on the agenda, there was additional and somewhat incidental discussion which contained certain suggestions and recommendations which might also be of value to your staff and to the staff of the Association. It may well be that further contact with those who contributed to the discussion might be of assistance in further development of any of the recommendations made.

I have reviewed the transcripts carefully and have segregated, under separate headings, what in my opinion appeared to be suggestions of importance, and trust that you may find them of value.

## Personnel

DURING the discussion it was pointed out that where staff meetings of personnel were conducted, it might be well to emphasize the fact that there is need of a different approach as to information made available to bank staffs where the banks in question are subject to competition, as against information and suggestions given to staffs of those banks which might be located in territories where they are not subject to competition. The approach to the community certainly differs and allowance should be made for the difference in any memoranda made available for bank use.

## New Business

AN interesting discussion developed as to whether outside calls are of more value in the development of new business, or whether the development of present customers by sales-minded contact within the institution and through mail follow-up would not be more effective. It was finally agreed that for the developing of the smaller units of new business, the program of inside contacts, plus mail follow-up, was



At one of the sessions in the Waldorf

probably the most effective, while in connection with the development of larger accounts, inside contacts should be supplemented by bank officer visits.

The need for director cooperation in such development was also discussed, and it was pointed out that while many officers seem to feel that directors do not properly support their new business efforts, such support can be obtained even from the busiest of directors if he is provided with specific instances where his cooperation and assistance are necessary to complete successfully a contact for prospective new business.

The value of house organs in bank new-business development was also given some consideration and it was agreed by many of those present that a house organ could aid a business development program, not only within an institution but also as a direct-by-mail follow-up of business and personal contacts already made.

#### *Purchasing Procedure*

IT was pointed out that in many institutions there is need for the adoption of a definite purchasing policy to assure proper consideration of all equipment which might serve to improve the service of a bank to its customers, and it was suggested that in medium size and larger banks a methods committee be appointed, to include not only officers of the bank but also representatives from various departments which would be direct equipment users.

The value of including persons responsible for operation of equipment, when consideration of the purchase of such equipment is under way, was also pointed out as further proof that staff members who are department heads and who would be responsible for the effective operation of certain equipment, would be logical members of a methods committee.

#### *Standardization of Forms*

DURING a discussion of this subject, it was agreed that for the most part standardization of forms was a matter which could best be handled by state bankers associations, because of the requirements of various state laws. However, it was also agreed that where forms might come within the provisions of uniform laws, such as the Negotiable Instruments Act, etc., a nation-wide survey and the adoption of

A.B.A.-recommended standard forms could be considered as practical.

It was also pointed out that there is a tendency to attempt too much originality when forms and systems are to be adopted, and it was suggested that, whenever forms or systems are considered, a careful investigation be made of standard sizes and standard equipment already available, so that operation and equipment costs will be kept at a minimum.

#### *Time Saving Methods*

WITHOUT going into too much detail in this report, several of the equipment representatives attending this meeting stressed particularly the present availability of time saving methods and equipment for use in proof, analysis, transit and bookkeeping departments, which will undoubtedly be aids to bankers throughout the country in meeting the 40-hour week requirement. As the 40-hour week will become effective on October 24, 1940, bankers would certainly be interested.

#### *Summary*

IN summarizing the discussion toward the end of the meeting, several of the representatives who are particularly interested in President Hanes' "Know Your Bank" plans, suggested that a good deal of the subject material which might eventually be gathered for the purpose of creating a sales manual might also be reorganized and made subject material for a text book for use in an A.I.B. course.

In addition, the Customer Relations Department of the Association will undoubtedly be interested in a very fine presentation, given by one of the representatives present, of the methods by which the various sales factors should be presented for practical use to the staff members of banks throughout the country.

In general, and to repeat for emphasis, the comments noted above will serve to call your attention to the various parts of the typewritten script of these meetings, in which suggestions, not directly included in the sub-committee reports, may receive your consideration and that of others of the Association who might be interested.

Respectfully submitted,

G. FRED BERGER  
Chairman

# Know Your Savings Accounts

MR. DUNKERLEY is assistant secretary of the Savings Division, American Bankers Association.

**A**VAST change has taken place in the savings business in ten years. Textbooks written in 1930 on the savings business are unbelievably out of date. Judging from the space given in one text, the greatest threat to the savings business in that year was the investment trust, to which 15 pages were devoted. Only three pages were necessary to cover the competition of the building and loan associations.

A phenomenon exists today with respect to savings funds. At the same time that the Government, with its postal savings and baby bonds, is scrambling with the savings and loan associations and other institutions to get as much of the savings business as possible, we cannot fail to observe a disinclination on the part of many commercial banks to accept these funds and not too great an enthusiasm on the part of the mutual savings banks to increase their deposits.

The slogan of the American Bankers Association this year is "Know Your Bank". Conversation with officers of commercial banks conducting savings departments, especially those in larger institutions, reveals the belief that the savings dilemma is one about which nothing can be done at the present time. On the chance that some day banks may again be able to put out most of their money at profitable rates, these commercial banks are taking the attitude of doing nothing to solicit savings which would mean a loss to them, but at the same time they do not like to see the savings going into other institutions. Even the attitude of mutual savings bankers is one of apathy toward plans to increase savings deposits.

There are bankers who feel that the general attitude of their profession toward the savings business is wrong. These bankers believe that it is not only the duty of banking institutions to serve the savings public, but that a thorough study of the savings business would develop means by which savings deposits could be made profitable for the institution. Dr. Irvin Bussing, director of research, Savings Banks Trust Company, New York City, has analyzed the savings accounts of a representative group of mutual savings banks in New York and surrounding states. Because of the interesting disclosures which Dr. Bussing has brought to light, the Savings Division of the American Bankers Association has been impelled to set up a plan of account analysis by which any member bank might analyze its accounts.

Under this plan, a bank may learn the ages of its savings depositors, the size of accounts, the activity of accounts in various classifications, and other data which will enable it to appraise these deposits and determine what shall be its future policies toward them.

Few bankers are interested in merely academic research. They want to know what will be done with the information after it is gathered. Hence at the start it may be explained that the Savings Division aims to help the banker determine whether:

- 1 . . . his savings accounts are of the type which assures sound and profitable growth.
- 2 . . . the newer crop of savers is bringing its deposits to his institution.

3 . . . his newer accounts show a growth or are inclined to be "in-and-outers".

4 . . . too great a proportion of his savings deposit liability is held by persons over 60 years of age when compared to that held by persons of middle age and younger.

5 . . . the ratio of activity is greater in his smaller accounts than in the larger ones; in the newer ones than the older ones.

The investment of savings deposits would be simplified with an accurate picture of savings deposit structure. With a knowledge of the number of depositors over 60 years of age, the investment committee can prepare for possible large withdrawals or distributions. The number of depositors under 30 will indicate the condition of the "life-blood" of the bank. This information will assist in laying out a well rounded advertising program. With the use of the following table, a bank could determine the age group requiring the maximum coverage:

ANALYSIS BY AGE OF DEPOSITOR						
AGE OF DEPOSITOR SIZE OF ACCOUNT	% OF ALL ACCOUNTS	% OF TOTAL DEPOSIT LIABILITY	% OF NUMBER OF DEBIT TRANS.	% OF NUMBER OF CREDIT TRANS.	% OF AMOUNT OF DEBIT TRANS.	% OF AMOUNT OF CREDIT TRANS.
AGE 1 - 17						
UNDER \$ 1.00						
\$ 1.00 - 25.00						
\$ 25.00 - 50.00						
\$ 50.00 - 100.00						
\$ 100.00 - 250.00						
\$ 250.00 - 500.00						
\$ 500.00 - 1,000.00						
\$ 1,000.00 - 2,500.00						
\$ 2,500.00 - 5,000.00						
\$ 5,000.00 - 10,000.00						
\$ 10,000.00 - 25,000.00						
\$ 25,000.00 - 50,000.00						
\$ 50,000.00 - 100,000.00						
\$ 100,000.00 - 250,000.00						
\$ 250,000.00 - 500,000.00						
\$ 500,000.00 - 1,000,000.00						
\$ 1,000,000.00 - 2,500,000.00						
\$ 2,500,000.00 - 5,000,000.00						
\$ 5,000,000.00 - 10,000,000.00						
\$ 10,000,000.00 - 25,000,000.00						
\$ 25,000,000.00 - 50,000,000.00						
\$ 50,000,000.00 - 100,000,000.00						
\$ 100,000,000.00 - 250,000,000.00						
\$ 250,000,000.00 - 500,000,000.00						
\$ 500,000,000.00 - 1,000,000,000.00						
\$ 1,000,000,000.00 - 2,500,000,000.00						
\$ 2,500,000,000.00 - 5,000,000,000.00						
\$ 5,000,000,000.00 - 10,000,000,000.00						
\$ 10,000,000,000.00 - 25,000,000,000.00						
\$ 25,000,000,000.00 - 50,000,000,000.00						
\$ 50,000,000,000.00 - 100,000,000,000.00						
\$ 100,000,000,000.00 - 250,000,000,000.00						
\$ 250,000,000,000.00 - 500,000,000,000.00						
\$ 500,000,000,000.00 - 1,000,000,000,000.00						
\$ 1,000,000,000,000.00 - 2,500,000,000,000.00						
\$ 2,500,000,000,000.00 - 5,000,000,000,000.00						
\$ 5,000,000,000,000.00 - 10,000,000,000,000.00						
\$ 10,000,000,000,000.00 - 25,000,000,000,000.00						
\$ 25,000,000,000,000.00 - 50,000,000,000,000.00						
\$ 50,000,000,000,000.00 - 100,000,000,000,000.00						
\$ 100,000,000,000,000.00 - 250,000,000,000,000.00						
\$ 250,000,000,000,000.00 - 500,000,000,000,000.00						
\$ 500,000,000,000,000.00 - 1,000,000,000,000,000.00						
\$ 1,000,000,000,000,000.00 - 2,500,000,000,000,000.00						
\$ 2,500,000,000,000,000.00 - 5,000,000,000,000,000.00						
\$ 5,000,000,000,000,000.00 - 10,000,000,000,000,000.00						
\$ 10,000,000,000,000,000.00 - 25,000,000,000,000,000.00						
\$ 25,000,000,000,000,000.00 - 50,000,000,000,000,000.00						
\$ 50,000,000,000,000,000.00 - 100,000,000,000,000,000.00						
\$ 100,000,000,000,000,000.00 - 250,000,000,000,000,000.00						
\$ 250,000,000,000,000,000.00 - 500,000,000,000,000,000.00						
\$ 500,000,000,000,000,000.00 - 1,000,000,000,000,000,000.00						
\$ 1,000,000,000,000,000,000.00 - 2,500,000,000,000,000,000.00						
\$ 2,500,000,000,000,000,000.00 - 5,000,000,000,000,000,000.00						
\$ 5,000,000,000,000,000,000.00 - 10,000,000,000,000,000,000.00						
\$ 10,000,000,000,000,000,000.00 - 25,000,000,000,000,000,000.00						
\$ 25,000,000,000,000,000,000.00 - 50,000,000,000,000,000,000.00						
\$ 50,000,000,000,000,000,000.00 - 100,000,000,000,000,000,000.00						
\$ 100,000,000,000,000,000,000.00 - 250,000,000,000,000,000,000.00						
\$ 250,000,000,000,000,000,000.00 - 500,000,000,000,000,000,000.00						
\$ 500,000,000,000,000,000,000.00 - 1,000,000,000,000,000,000,000.00						
\$ 1,000,000,000,000,000,000,000.00 - 2,500,000,000,000,000,000,000.00						
\$ 2,500,000,000,000,000,000,000.00 - 5,000,000,000,000,000,000,000.00						
\$ 5,000,000,000,000,000,000,000.00 - 10,000,000,000,000,000,000,000.00						
\$ 10,000,000,000,000,000,000,000.00 - 25,000,000,000,000,000,000,000.00						
\$ 25,000,000,000,000,000,000,000.00 - 50,000,000,000,000,000,000,000.00						
\$ 50,000,000,000,000,000,000,000.00 - 100,000,000,000,000,000,000,000.00						
\$ 100,000,000,000,000,000,000,000.00 - 250,000,000,000,000,000,000,000.00						
\$ 250,000,000,000,000,000,000,000.00 - 500,000,000,000,000,000,000,000.00						
\$ 500,000,000,000,000,000,000,000.00 - 1,000,000,000,000,000,000,000,000.00						
\$ 1,000,000,000,000,000,000,000,000.00 - 2,500,000,000,000,000,000,000,000.00						
\$ 2,500,000,000,000,000,000,000,000.00 - 5,000,000,000,000,000,000,000,000.00						
\$ 5,000,000,000,000,000,000,000,000.00 - 10,000,000,000,000,000,000,000,000.00						
\$ 10,000,000,000,000,000,000,000,000.00 - 25,000,000,000,000,000,000,000,000.00						
\$ 25,000,000,000,000,000,000,000,000.00 - 50,000,000,000,000,000,000,000,000.00						
\$ 50,000,000,000,000,000,000,000,000.00 - 100,000,000,000,000,000,000,000,000.00						
\$ 100,000,000,000,000,000,000,000,000.00 - 250,000,000,000,000,000,000,000,000.00						
\$ 250,000,000,000,000,000,000,000,000.00 - 500,000,000,000,000,000,000,000,000.00						
\$ 500,000,000,000,000,000,000,000,000.00 - 1,000,000,000,000,000,000,000,000,000.00						
\$ 1,000,000,000,000,000,000,000,000,000.00 - 2,500,000,000,000,000,000,000,000,000.00						
\$ 2,500,000,000,000,000,000,000,000,000.00 - 5,000,000,000,000,000,000,000,000,000.00						
\$ 5,000,000,000,000,000,000,000,000,000.00 - 10,000,000,000,000,000,000,000,000,000.00						
\$ 10,000,000,000,000,000,000,000,000,000.00 - 25,000,000,000,000,000,000,000,000,000.00						
\$ 25,000,000,000,000,000,000,000,000,000.00 - 50,000,000,000,000,000,000,000,000,000.00						
\$ 50,000,000,000,000,000,000,000,000,000.00 - 100,000,000,000,000,000,000,000,000,000.00						
\$ 100,000,000,000,000,000,000,000,000,000.00 - 250,000,000,000,000,000,000,000,000,000.00						
\$ 250,000,000,000,000,000,000,000,000,000.00 - 500,000,000,000,000,000,000,000,000,000.00						
\$ 500,000,000,000,000,000,000,000,000,000.00 - 1,000,000,000,000,000,000,000,000,000,000.00						
\$ 1,000,000,000,000,000,000,000,000,000,000.00 - 2,500,000,000,000,000,000,000,000,000,000.00						
\$ 2,500,000,000,000,000,000,000,000,000,000.00 - 5,000,000,000,000,000,000,000,000,000,000.00						
\$ 5,000,000,000,000,000,000,000,000,000,000.00 - 10,000,000,000,000,000,000,000,000,000,000.00						
\$ 10,000,000,000,000,000,000,000,000,000,000.00 - 25,000,000,000,000,000,000,000,000,000,000.00						
\$ 25,000,000,000,000,000,000,000,000,000,000.00 - 50,000,000,000,000,000,000,000,000,000,000.00						
\$ 50,000,000,000,000,000,000,000,000,000,000.00 - 100,000,000,000,000,000,000,000,000,000,000.00						
\$ 100,000,000,000,000,000,000,000,000,000,000.00 - 250,000,000,000,000,000,000,000,000,000,000.00						
\$ 250,000,000,000,000,000,000,000,000,000,000.00 - 500,000,000,000,000,000,000,000,000,000,000.00						
\$ 500,000,000,000,000,000,000,000,000,000,000.00 - 1,000,000,000,000,000,000,000,000,000,000,000.00						
\$ 1,000,000,000,000,000,000,000,000,000,000,000.00 - 2,500,000,000,000,000,000,000,000,000,000,000.00						
\$ 2,500,000,000,000,000,000,000,000,000,000,000.00 - 5,000,000,000,000,000,000,000,000,000,000,000.00						
\$ 5,000,000,000,000,000,000,000,000,000,000,000.00 - 10,000,000,000,000,000,000,000,000,000,000,000.00						
\$ 10,000,000,000,000,000,000,000,000,000,000,000.00 - 25,000,000,000,000,000,000,000,000,000,000,000.00						
\$ 25,000,000,000,000,000,000,000,000,000,000,000.00 - 50,000,000,000,000,000,000,000,000,000,000,000.00						
\$ 50,000,000,000,000,000,000,000,000,000,000,000.00 - 100,000,000,000,000,000,000,000,000,000,000,000.00						
\$ 100,000,000,000,000,000,000,000,000,000,000,000.00 - 250,000,000,000,000,000,000,000,000,000,000,000.00						
\$ 250,000,000,000,000,000,000,000,000,000,000,000.00 - 500,000,000,000,000,000,000,000,000,000,000,000.00						
\$ 500,000,000,000,000,000,000,000,000,000,000,000.00 - 1,000,000,000,000,000,000,000,000,000,000,000,000.00						
\$ 1,000,000,000,000,000,000,000,000,000,000,000,000.00 - 2,500,000,000,000,000,000,000,000,000,000,000,000.00						
\$ 2,500,000,000,000,000,000,000,000,000,000,000,000.00 - 5,000,000,000,000,000,000,000,000,000,000,000,000.00						
\$ 5,000,000,000,000,000,000,000,000,000,000,000,000.00 - 10,000,000,000,000,000,000,000,000,000,000,000,000.00						
\$ 10,000,000,000,000,000,000,000,000,000,000,000,000.00 - 25,000,000,000,000,000,000,000,000,000,000,000,000.00						
\$ 25,000,000,000,000,000,000,000,000,000,000,000,000.00 - 50,000,000,000,000,000,000,000,000,000,000,000,000.00						
\$ 50,000,000,000,000,000,000,000,000,000,000,000,000.00 - 100,000,000,000,000,000,000,000,000,000,000,000,000.00						
\$ 100,000,000,000,000,000,000,000,000,000,000,000,000.00 - 250,000,000,000,000,000,000,000,000,000,000,000,000.00						
\$ 250,000,000,000,000,000,000,000,000,000,000,000,000.00 - 500,000,000,000,000,000,000,000,000,000,000,000,000.00						
\$ 500,000,000,000,000,000,000,000,000,000,000,000,000.00 - 1,000,000,000,000,000,000,000,000,000,000,000,000,000.00						
\$ 1,000,000,000,000,000,000,000,000,000,000,000,000,000.00 - 2,500,000,000,000,000,000,000,000,000,000,000,000,000.00						
\$ 2,500,000,000,000,000,000,000,000,000,000,000,000,000.00 - 5,000,000,000,000,000,000,000,000,000,000,000,000,000.00						
\$ 5,000,000,000,000,000,000,000,000,000,000,000,000,000.00 - 10,000,000,000,000,000,000,000,000,000,000,000,000,000.00						
\$ 10,000,000,000,000,000,000,000,000,000,000,000,000,000.00 - 25,000,000,000,000,000,000,000,000,000,000,000,000,000.00						
\$ 25,000,000,000,000,000,000,000,000,000,000,000,000,000.00 - 50,000,000,000,000,000,000,000,000,000,000,000,000,000.00						
\$ 50,000,000,000,000,000,000,000,000,000,000,000,000,000.00 - 100,000,000,000,000,000,000,000,000,000,000,000,000,000.00						
\$ 100,000,000,000,000,000,000,000,000,000,000,000,000,000.00 - 250,000,000,000,000,000,000,000,000,000,000,000,000,000.00						
\$ 250,000,000,000,000,000,000,000,000,000,000,000,000,000.00 - 500,000,000,000,000,000,000,000,000,000,000,000,000,000.00						
\$ 500,000,000,000,000,000,000,000,000,000,0						



## By J. R. DUNKERLEY

three portions: totally stable, reasonably active, and excessively active.

ANALYSIS OF ACTIVITY OF ACCOUNTS						
NUMBER OF DEBITS PER ACCOUNT SIX MONTHS	% OF ALL ACCOUNTS	% OF TOTAL DEPOSIT LIABILITY	% OF NUMBER OF DEBIT TRANS.	% OF NUMBER OF CREDIT TRANS.	% OF AMOUNT OF CREDIT TRANS.	% OF AMOUNT OF DEBIT TRANS.
MORE THAN 20						
17-20						
15-16						
13-14						
11-12						
9-10						
7-8						
5-6						

Split interest plans are currently advocated as the solution of the present excessive cost of handling savings deposits. The analysis will assist in studying the advisability and cost of a split-interest (bonus or premium) rate to be paid to consistent savers. A study of the ages of the accounts will aid in determining the average period of time required for new accounts to become profitable or at least self-supporting. Banks will also learn the mortality rate (generally high) of newly opened savings accounts and whether short-lived accounts cover maintenance. This analysis will be indicated as follows:

ANALYSIS BY AGE OF ACCOUNT							MINIMUM BALANCES	
AGE OF ACCOUNT	% OF NUMBER OF DEBIT TRANS.	% OF NUMBER OF CREDIT TRANS.	% OF AMOUNT OF DEBIT TRANS.	% OF AMOUNT OF CREDIT TRANS.	% OF ALL ACCTS.	% OF TOTAL DEPOSITS	LAST 3 YEARS	LAST 5 YEARS
UNDER 1 YEAR								
1-2								
2-3								
3-4								
4-5								
ETC.								

### THE SPLIT RATE

THE present day opinion concerning the split rate is by no means unanimous. A very influential banker who has been a close student of savings banking feels that the split rate of interest would aggravate the very conditions we are trying to improve.

In his opinion, the split rate plan would connote to most depositors that the lower rate is paid on demand deposits and the higher rate on savings deposits. He believes further that most people would select the lower rate and that savings account activity would greatly increase.

In any event, it should not be necessary to point out the advantages of knowing our business thoroughly. The uniform account analysis of the Savings Division offers an opportunity not previously available. Of course there will be a certain amount of work necessary to be done by the bank and also a nominal expense incurred in the tabulation of the in-

formation. Upon receipt of the data from the banks, the Savings Division will prepare ranking tables with a confidential code number assigned to each participating bank so that each institution may know how it ranks with relation to the other banks participating. In addition to the confidential code number of the bank, a general descriptive code will also be used to show the approximate size of the institution (in savings deposits), the population of the banking community, and the general characteristics or type of banking community. This general descriptive code will permit closer analogies between comparable banks than could otherwise be obtained. These comparisons appear in the following tables:

The tables shown above will be furnished to each participating bank when the accounts of all such banks have been analyzed

All banks interested in getting more information about this analysis should advise the Savings Division.

### An Opportunity

IN connection with the study of savings deposits described here, the Savings Division of the American Bankers Association has prepared a booklet entitled *Analyze Your Savings Accounts*, the foreword of which is written by Roy R. Marquardt, Vice-president of the Savings Division and assistant vice-president, First National Bank, Chicago. Mr. Marquardt says, in part:

"Last year as Chairman of the Savings Division Committee on Time Deposits, I had the privilege of studying savings trends in all parts of the country. The lack of uniformity in these trends, as among the several Federal Reserve districts and between commercial banks and mutual savings banks, raises questions which deserve exploration.

"The Savings Division is continuing its study of nationwide savings habits, but it is clear that, with the rapid changes which are taking place, each bank should make an individual study.

"Hence the Committee on Savings Development, of which Mr. Stuart C. Frazier of Seattle, Washington, is Chairman, has conducted research to ascertain the scope which such an individual audit should take. This committee has studied the reports of all the committees of the Savings Division, and a method of analysis has been set up which should be of value to all savings bankers in determination of future policies."

# Farm Credit Leadership

ABOUT 40 bankers from western Kentucky and four neighboring states attended a meeting in Paducah, Kentucky, arranged by A. G. Brown, Deputy Manager of the American Bankers Association in charge of the Agricultural Credit Department, and Dan H. Otis, Director of the Association's Agricultural Commission. The purpose of the meeting, which was only one of a series, was to discuss the rural credit situation and to enable Mr. Brown to get in touch with some of the bankers who are familiar with present-day conditions and who might advise on a program designed to meet non-banking competition. *Below*, a group during the luncheon.



PHOTOS BY HARRIS & EWING



*Top right*, during a talk by C. W. Bailey, member of the Agricultural Commission and president, First National Bank, Clarksville, Tenn. Second and third to the right of Mr. Bailey are Mr. Brown and Mr. Otis

*Above, left to right*: G. A. Thompson, cashier, Bank of Benton, Kentucky; O. R. Kerley, cashier, First National Bank in Galesburg, Illinois; Neill Guess, cashier, Farmers Bank & Trust Company, Marion, Kentucky; Ross Martin, president, Bank of Bentonville, Arkansas; W. A. Caldwell, president, First National Bank, Jackson, Tennessee; W. E. Chipps, president, Smithland Bank, Smithland, Kentucky

*At the left, left to right*: Grady Huddleston, secretary, Tennessee Bankers Association, Nashville; D. E. Booker, cashier, Kevil Bank, Kevil, Kentucky; Sam Magruder, president, Kevil Bank; C. M. Hand, president, Citizens Savings Bank at Paducah, Kentucky; C. W. Bailey, president, First National Bank, Clarksville, Tennessee; L. C. Pace, farm agent for First National Bank, Clarksville, Tennessee; A. B. Thompson, vice president, Citizens Bank, Kuttawa, Kentucky; John G. Russell, cashier, Peoples National Bank, Paducah

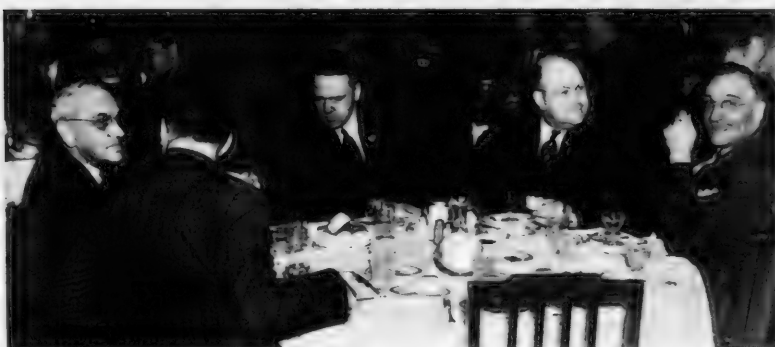
# A Trust Research Week



As an example in pictures of the nationwide program of Trust Research Weeks, conducted by Gilbert T. Stephenson, head of the Trust Research Department of the Graduate School of Banking of the American Bankers Association, **BANKING** presents these photographs of the programs in Bangor and Portland, Maine, May 6 to 10.

A description of Mr. Stephenson's work appeared in May **BANKING**.

*Left, the luncheon with the Rotary Club in Portland. The subject was "Will Your Will Work?" Below, Mr. Stephenson (left) and Donald O. Butler, president of the Portland Chapter, American Institute of Banking Section of the American Bankers Association*



*Above, left (beginning with nearest man and reading clockwise): B. L. Bailey, Bath Trust Co.; Daniel Williams, cashier, First National Bank of Bath; Ralph E. Smith, cashier, First National Bank of Lewiston; Earl Austin, assistant cashier, Lewiston Trust Co.; C. E. Warren, auditor, First National Bank of Lewiston. Below, left: back to camera, left, reading counterclockwise, Lawrence H. Glew, Edgerton B. Sawtelle, Dr. Frank Welch, Dr. Thomas*

*Tetreau, John H. Simonds, John P. Ayer and Charles S. Webster at the Rotary Club luncheon.*

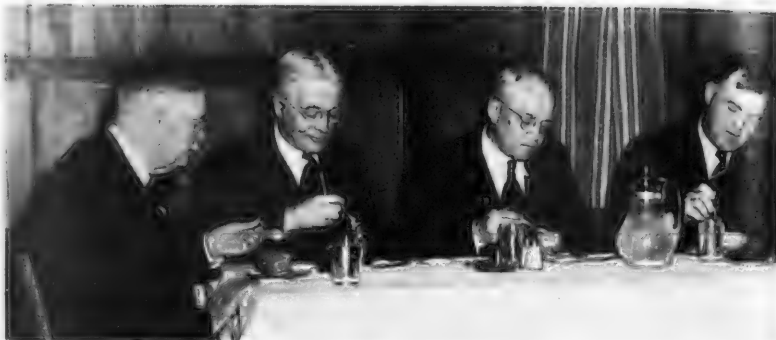
*Below, right: left to right, Roland E. Clark, vice-president, National Bank of Commerce, Portland, and President, Trust Division, American Bankers Association; Roy E. Holden, president, Portland Lions Club; Mr. Stephenson; Christian Olsen, president, Portland Kiwanis Club; William B. Nulty, president, Portland Rotary Club*



HARRIS & EWING PHOTOS

## The Program in Bangor—

The programs in Bangor and Portland were held with the cooperation of those cities' chapters of the American Institute of Banking. First phase of the two-city program was in Bangor, beginning on Monday morning with interviews at The Merrill Trust Co. There followed at 12:30 a luncheon (at the right) with the Penobscot County Bar Association. At the speakers' table, left to right, Judge W. L. Fisher, Augusta; Judge E. P. Murray, Bangor; Judge Raymond Fellows, Bangor—all Justices of the Superior Court of Maine—and Mr. Stephenson



Monday evening there was a dinner with bankers, and on Tuesday further interviews, a luncheon and meeting at the University of Maine, Orono, and a dinner with service clubs of Bangor, Bangor Chapter, A.I.B., and Eastern Maine Life Underwriters Association. At the right, reading left to right, H. S. Stewart, president, Merchants National Bank of Bangor; S. N. Shumway, president, Merrill Trust Co., Bangor; L. A. Dodge, president, Maine Bankers Association, and president, First National Bank, Damariscotta and Mr. Stephenson



Right (left to right), W. P. Newman, president, Eastern Trust and Banking Co., Bangor; R. W. Davis, president, Guilford Trust Co.; Mr. Shumway; Mr. Stewart



Bottom right (left to right), Ross St. Germain, Bangor attorney; Judge Ellery Bowden, Winterport; Judge C. C. Stevens, Bangor. Below, left to right, William Cole, Bangor attorney; Benjamin Blanchard, president of the Penobscot County Bar Association; E. A. Atherton, Lincoln attorney; and (standing) R. A. Weatherbee, Bangor attorney. These members of the Bar attended the Monday luncheon





# Ask the A.B.A.

**A**N adaptation of the "Information, Please" technique is to be introduced at the Convention of the American Bankers Association in Atlantic City, New Jersey, September 22-26.

Bankers of the United States are invited to send to the A.B.A., not later than July 31, questions on real estate mortgage investments and consumer credit. So far as possible answers will be given by panels of experts at two Convention round tables.

Two other round tables will also be held, covering bank operating problems and the development of new business, but these will be the more familiar discussion type, with opportunities to question the speakers from the floor.

## FRENCH, FISHER IN CHARGE

THE "Information, Please" panels will be in charge of the two men who are directing the Association's activities in consumer credit and research in mortgage and real estate finance, Deputy Manager Walter B. French, and Dr. Ernest M. Fisher, respectively.

Frank W. Simmonds, Senior Deputy Manager of the Association, explaining the plan, said:

"The committee having charge of this feature of the Convention program will select those questions that seem to be of widest interest.

## SUGGESTIONS

"BY way of suggestion, we might point out that for the real estate panel, questions may be asked covering any phase of mortgage operation, such as: How to get mortgage loans, how to analyze applications for loans from the point of view of appraisals, mortgage risk and adjustment of the mortgage loan to the ability of the borrower to pay; servicing loans and the handling of delinquencies; or the management of real estate properties taken over after foreclosure.

"Similarly, the consumer credit questions may be related to such general subjects as: The relative merits of single signature or comaker loans; determination of credit standards; problems in handling delinquent loans; interbank

competition; relations with automobile and appliance dealers; possible hazards to personal loans made to persons of military service age.

"Bankers are invited to send questions along these lines to the Question Box, Bank Management Commission, A.B.A., at 22 East 40th Street, New York, N. Y., by July 31."

## HOW IT WILL WORK

THE plan is to invite a number of bankers and non-bankers to sit as panels of experts. Mr. French and Dr. Fisher will present the questions and the experts will give detailed answers. As an added feature, panel members will have a chance to question each other.

Dr. Fisher and Mr. French will open their respective meetings with talks covering important phases of work in their fields.

The two "Information, Please" sessions will be held separately so that bankers will be able to attend both.

Work on the entire Convention program, which embraces an unusually wide variety of subjects, is now going forward. Prominent speakers are being obtained for the general sessions and the departmental meetings, and in many instances assignment of topics has already been made.

**S**IX thousand responses to the second questionnaire circulated by the Research Council, American Bankers Association, covering bank lending activities for the last half of 1939, have been received and the results will soon be ready for announcement to the public. The questionnaires have been edited and the data are being compiled and analyzed state by state and on a national basis.

## COMPARISON WITH PREVIOUS SURVEY

THE returns are approximately equal in number to the final returns from the Council's first questionnaire sent out last Fall covering the first six months of 1939, so that the data supplied by the two surveys will be comparable. They will make it possible to show the changes which have occurred in bank lending activities in the two halves of the year. Also it will be possible to present a picture of the credit cooperation of the banks with business through a complete annual cycle.

The questionnaires asked bankers to give the numbers and volumes of new

loans, renewal loans and new mortgage loans on real estate during the two six month periods. Also those granting lines of credit were asked to indicate the total amounts granted and being availed of by customers. Figures showing total loans outstanding and deposits at the beginning, middle and end of 1939 were likewise requested.

The data make it possible to present a well rounded picture of the lending activities of over 40 per cent of the total number of commercial banks in the country.

## THE FIRST STUDY

THE returns from the first survey showed that during the first six months of 1939 the 6,000 responding commercial banks had made nearly 6,000,000 new loans aggregating more than \$10,000,000,000, almost the same number of renewals in the amount of \$7,500,000,000, and more than 128,000 new real estate loans totaling over \$400,000,000.

They also showed that out of nearly \$4,500,000,000 in open lines of credit which had been granted, only about 27 per cent was being availed of by customers. Returns from 337 mutual savings banks, or 62 per cent of all banks of this class, showed more than 17,000 mortgage loans aggregating over \$105,000,000.

Considerable interest attaches to the question of how the returns from the second questionnaire will compare with these figures.

## CORDIAL COOPERATION

IN both surveys the Research Council has received cordial assistance from the banks in compiling this material, which has entailed considerable time, expense and trouble. Many have reported that it has been necessary for them to rearrange their records in order to supply the information for a questionnaire of this type, but that they have been glad to do this work.

# A Lending Survey



*Left to right, Messrs. Hill, Van Blarcom, Wirtz, Whitman, Jackson, Goodmoot*

## A Bank's Insurance

**A**N all-day bank insurance forum, the second so far this year, was held in Newark, N. J., in April. It was under the direction of James E. Baum, Secretary of the American Bankers Association Insurance and Protective Committee, and George H. Hottendorf, Assistant Secretary, with the assistance of Carl K. Withers, president of the Lincoln National Bank, Newark, and former commissioner of the New Jersey Department of Banking and Insurance. Many insurance matters were discussed.

The full names and banking or other positions of the men whose pictures ap-

pear on this page are: P. S. Hill, vice-president, Bank of Nutley; Joseph Van Blarcom, National Newark & Essex Banking Co., Newark; A. G. Wirtz, comptroller of the same institution; C. LeRoy Whitman, vice-president, Fidelity Union Trust Co., Newark; T. J. Jackson, assistant treasurer, Franklin Washington Trust Co., Newark; W. C. Goodmoot, vice-president, Clinton Trust Co., Newark; L. P. Groves, comptroller, Federal Trust Co., Newark; W. F. Redpath, cashier, Orange First National Bank; H. M. Roberts, vice-president, cashier, Second National Bank, Orange; H. G. Pflug, secre-

tary, Elizabeth Trust Co.; G. L. Frost, vice-president, Merchants & Newark Trust Co.; F. T. Cramer, vice-president, Caldwell National Bank; A. E. Kean, Jr., cashier, Lincoln National Bank, Newark; R. K. Seveille, treasurer, Montclair Trust Co.; H. B. Rogers, president, Mount Prospect National Bank, Newark; D. J. Connolly, vice-president and treasurer, Federal Trust Co., Newark; W. J. Church, president, West Hudson National Bank, Harrison; C. W. Holweg, secretary-treasurer, Harrison-Kearny Trust Co., Harrison; Herman G. Grimme, trust officer, West Side Trust Co., Newark.



*Above: starting in the foreground and reading clockwise, Messrs. Redpath, Roberts, Pflug, Frost, Cramer, Groves, Kean and Seveille. Below: left to right, Messrs. Church, Withers, Baum, Van Blarcom, Jackson, Wirtz and Whitman*



*Above, left to right, Messrs. Rogers, Seveille, Connolly, Withers, Baum and Hottendorf. Below: left to right around the table, Messrs. Van Blarcom, Wirtz, Whitman, Holweg, Jackson, Goodmoot, Grimme and Hill*



PHOTOS BY HARRIS & TOWING  
BANKING

# The Real Issue

ROBERT M. HANES, President, American Bankers Association, before the NORTH CAROLINA BANKERS ASSOCIATION.

**I** FIRMLY believe that there has never been a time in the history of American banking when there was greater need for bankers to be alert and informed regarding current trends in our national economy. If our chartered banking system is to survive, if American principles of economic freedom and enterprise are to be preserved, banking leadership must assert itself more aggressively and more courageously than ever before.

There are constantly at work in this country forces that would tear down the very fundamental principles upon which America was built. There are trends in government that constantly increase the power and control of government bureaus over the lives and destinies of American people. Unless we are constantly on guard, unless we are continually informed regarding all trends and legislative proposals that affect our banking and economic system, we are not discharging our responsibility as leaders in the field of finance.

As an illustration of the kind of legislation we must constantly watch, there is now pending before Congress the Jones-Wheeler Bill, H. R. 8748. Ostensibly the purpose of the bill is the reorganization of the Federal Land Bank System. Actually, its provisions would destroy the existing cooperative agricultural credit system, destroy the Federal land banks, and place the farmer borrower at the mercy of a single bureaucratic credit agency. This would drive out of the farm credit field all lenders, except one, the Department of Agriculture.

Recognizing the serious implications of this bill, the American Bankers Association offered testimony on behalf of the commercial and savings banks of the country before the House Agricultural Committee on April 5, in opposition to its provisions. This testimony was given by experienced bankers, believers in the Federal Land Bank System and thoroughly familiar with its operations and sympathetic to the needs of the farmers. We believe their testimony was constructive; we know it was intelligent, honest and sincere.

## SECRETARY WALLACE'S ADDRESS

YET, in the course of an address to the Farmers Union at St. Paul, Minnesota, on April 27, the Secretary of Agriculture charged that the opposition of the banks is part of a campaign against lower interest rates for the farmer. The Secretary's address was a typical political speech which avoided any attempt to meet a single argument advanced against this deliberate proposal to destroy the Federal Land Bank System and substitute for it a centralized, bureaucratic farm credit system under which the farmer would have to go, hat in hand, to a department of the Federal Government for his credit needs.

It is a deplorable thing that the opinion of American citizens honestly and sincerely presented to the Congress on a measure offered to the Congress for its consideration should be made the object of misrepresentation in the course of a political attack by the chief officer of an administrative department of the government. It is difficult to escape the conviction that such an attack springs from the political aspirations of the one who made it.

To say that the American Bankers Association or the commercial and savings banks of the country "don't want farm credit to serve farmers better," as did the Secretary of Agriculture, is to make a statement that is not true.

The position of the banks of the country as represented by the American Bankers Association is crystal clear. At no time and at no place has the Association ever opposed the present rate of  $3\frac{1}{2}$  per cent for Federal land bank loans to farmers. An extension of this rate until such time as the income of agriculture is restored to a reasonable level, or to July, 1946, as provided in the bill, meets with our full approval.

Commercial and savings banks are vitally interested in agriculture and are lending themselves to every effort to improve the economic condition of the farmer.

The American Bankers Association is interested in the farmer. More than 75 per cent of its members are country banks located in every section of the country. In serving the needs of such a membership it has naturally devoted much of its organized effort to helping the American farmer. As an association composed predominately of country banks, we are concerned over the fact that the income of farmers continues below a reasonable living standard, and we pledge our full cooperation to any reasonable program looking toward the improvement of agricultural income, resulting in higher standards of living for farm people.

## A BUREAUCRATIC MONOPOLY

WE believe the provisions of the Jones-Wheeler Bill will injure rather than benefit the farmer, and we find ourselves sharing this opinion with the more important farmer organizations.

We believe, and we have testified, that in our opinion the provisions of this bill will result in concentrating practically all of the farm mortgage borrowing in the hands of a bureau of the Department of Agriculture, and the elimination of all others lenders. Such a bureaucratic monopoly is not in the public interest, nor is it in the interest of the American farmer.

We believe that this bill, if enacted into law, would ultimately result in the Federal Government becoming the largest farm land owner in the nation.

We hold that the substitution of a government guarantee of Land Bank bonds for farm mortgages as underlying collateral for these bonds will destroy the value of farm mortgages.

This proposal to increase the contingent liabilities of the Federal Government billions of dollars through the guarantee of these bonds, at a time when the size of the Government debt is becoming a serious threat to recovery and the economic stability of the country, should be a cause for alarm.

We believe the elimination of deficiency judgments and the establishment as a statutory right of the privilege of scaling down debts will result in the repudiation of such debts and will destroy the integrity of credit.

The Secretary of Agriculture has not explained this sudden rush to abolish an existing credit system established 24 years ago after long and careful study by a commission appointed by Congress and President Woodrow Wilson.

The real issue cannot be obscured by the cheap political trick of calling names or impugning motives. The real issue at stake here is whether a system of agricultural credits operated by the farmers of the country with Government supervision and utilizing private capital shall survive or whether it shall be emasculated and perverted into a socialized credit system under centralized political control and financed by the United States Treasury.

# The Outlook for Bond Prices

LEONARD P. AYRES, Vice-president, Cleveland Trust Company, before the Bond Portfolio Conference of the OHIO BANKERS ASSOCIATION at Cleveland.

ONE question which we should all like to have answered is the one which asks how long this period of very low interest rates, high bond prices, and minute bond yields is likely to continue. One way of answering it is to point out that low interest rates are the natural accompaniments of high bank reserves, and that our present excess reserves are so enormous in volume that we can foresee no near-to developments that are likely to reduce them in any important degree. The conclusion to be drawn from such reasoning is that interest rates and bond prices are likely to continue about as they are for a long time to come.

Personally, I am inclined to disagree with that conclusion. It is true that our excess reserves are enormous, and also that they are still rising by reason of the large continuing imports of gold. Nevertheless there are great events now taking place which may operate to bring about a downward turning point in the long trend of bond prices. Perhaps that downturn is in the making right now.

The great war in Europe has broken out of the stalemate in which it had been almost immobilized.

## THE DEMANDS OF WAR

THERE is every probability that open field warfare on a huge scale is at last arriving. If that proves to be true the demands of war for foreign goods will increase, and commodity prices will rise. They will rise abroad, and our prices will rise, even if no greatly increased proportion of the goods is purchased here.

As war demands more goods our industrial production will increase, the volume of bank loans will advance, and speculation will be stimulated. All these developments will mean that the things will actually be taking place that most people expected to take place last September when war began. If these developments do eventuate it is almost impossible for high-grade bond prices to continue to advance, or even to remain at the highest levels ever reached. Probably one result of the outbreak of open warfare will be that bond prices will go over the top.

There should be added to these considerations the possibility that political developments in our own country might result in the final quarter of this year in still further increases of industrial activity, in an augmentation of business confidence, and in greater volumes of corporate financing to raise new capital. These are weighty considerations.



At the Cleveland Bond Portfolio Conference, Dr. Marcus Nadler of New York University is speaking

Despite the fact that we shall receive further imports of gold, and the further fact that our reserve requirements might again be lowered, they seem in combination to make it safer to assume that we are now leaving behind the highest levels for bond prices, and the lowest ones for interest rates, than it is to assume that those levels will be maintained indefinitely into the future.

It does not seem likely that there will be any rapid decline in bond prices, but to me at least it does seem probable that there will be a slow decline starting now, and that with irregular fluctuations it will last for a long, long time. In any event it is safer to be prepared to meet it if it does happen than it is to assume that it is not going to happen. This is the season of Spring housecleaning and one of the places deserving early attention and careful scrutiny is the bank's investment portfolio.

It seems to me that there are two steps which it would be wise for each bank to take. The first is to sell now all its high-grade long-term bonds, and to replace them with government issues that have not over 12 years to run to maturity. The second is to resolve now to sell before the end of this year all its lower grade issues, except perhaps those that are in default and so are special cases. An essential part of this second step is to act on the resolution. If it turns out that we are not now leaving behind us the highest levels of bond prices, these steps will not prove harmful. If it proves to be true that we are leaving them behind, these steps will be highly beneficial.

## A Reason for Confidence

THE savings of the American people constitute one of our soundest reasons for confidence. Despite the difficulties of recent trying years mutual savings banks of the country now have the largest number of depositors and hold the greatest volume of deposits in almost 125 years of operation.

Such deposits, exceeding ten billions of dollars, are distributed among fifteen and a half millions of accounts, a remarkable evidence of wealth widely held. Beyond doubt these facts prove that the average citizen has not surrendered

the American ideal of personal independence won by his own efforts.

In another direction we see many signs of too free spending by all departments of Government and by a numerous body of the public as well, seemingly without fear of overwhelming debts. The situation is paradoxical, but emphasizes the vital influence of saving to provide a balance against reckless spending.—MYRON F. CONVERSE, President, Worcester (Mass.) Five Cents Savings Bank, and new President, National Association of Mutual Savings Banks.



# Better Real Estate Loans



THE first of a series of real estate conferences was recently held in Worcester, Massachusetts, under the direction of Dr. Ernest M. Fisher, Director, Department of Mortgage Loan Research of the American Bankers Association. These conferences are modeled somewhat on the "trust weeks" being conducted throughout the country by Gilbert T. Stephenson. (See page 89.)

A three-page outline agenda was the basis for the Worcester discussions, which were entirely informal.

On these pages **BANKING** reproduces a few pictures taken at the Conference. For convenience, we give together here the full names and bank or other positions of the men whose pictures appear. They are:

C. Lane Goss, vice-president, and Harry Spencer, cashier, Worcester County Institution for Savings; Dana S. Sylvester, secretary, Savings Banks Association of Massachusetts, Boston; G. E. Ryan, treasurer, and P. H. G. Harris, assistant treasurer, People's Savings Bank; Harrison G. Taylor, treasurer, and Laurence H. Cross, assistant treasurer, Worcester Five Cents Savings Bank; Dana V. Brown, treasurer, and Paul Alderman, assistant treasurer, Worcester Mechanics Savings Bank; Thomas H. Callery, treasurer, Bay State Savings Bank; J. Raymond Dunkerley, assistant secretary, Savings Division, American Bankers Association, and Lawrence N. Bloomberg, assistant to Dr. Fisher.

*Left, Dr. Fisher (left) and Mr. Spencer studying a map produced by the FHA*



*Above, at one of the meetings held in Horticultural Hall, Worcester. Left to right: seated, Messrs. Harris, Ryan, Spencer, Dunkerley, Goss, Taylor; standing, Messrs. Sylvester, Bloomberg, Alderman, Fisher, Cross and Brown*



*Right, Mr. Bloomberg using a chart to explain a point in his discussion before the savings bankers*

PHOTOS BY HARRIS & EWING

Discussions continued during lunch. *Left to right, Messrs. Callery, Bloomberg, Dunkerley and Taylor*



Another picture in the cafeteria of Horticultural Hall. *Left to right, Messrs. Sylvester, Fisher and Goss*



Messrs. Dunkerley, Goss and Taylor during one of the discussions, and the two stenographers who took down all that was said



PHOTOS BY HARRIS & EWING  
BANKING

# A Bank's First Duty

HENRY W. KOENEKE, Second Vice-president, American Bankers Association, before the OKLAHOMA BANKERS ASSOCIATION.

**G**RANTING that our American system of government is founded upon local autonomy and local development, and that the local banker is the center of this local development, the first duty of any bank is to the interests of its community.

This responsibility to our communities imposes upon us several specific obligations. First, we must constantly improve the quality of our management, and second, we have an obligation to learn all we can about our communities if we are to serve them effectively.

No bank can fulfill its community obligations unless it knows local conditions and production possibilities of its territory. No bank can discharge its obligations fully by waiting for customers to come to the bank. The officers must get out into the trade to uncover credit needs and credit opportunities.

Third, banks have an obligation to study their competition and meet it in a realistic way. No outside agency can

take the place of the local bank in satisfactory service to the local community. If we are to retain the business we have and recover the business we have lost we shall have to do so through aggressive solicitation and adequate service rates which will be profitable to the borrower as well as ourselves.

Fourth, we have an obligation to adapt ourselves to the change of times. The public demands more service from banks and is willing to pay for it. If we are to serve the increased demands of our communities and hold our places as community institutions we must adapt and put into use such of the new banking services that have been evolved in the past few years as fit into our communities and have been found to be sound banking practice. The American Bankers Association stands ready to lend assistance in this particular.

Fifth, it should be pointed out that while our responsibilities are primarily to our local communities, we also have an obligation to the nation as a whole and to the banking system as a whole. In these modern days, money and credit are national commodities — national in their flow and effect. We shall not discharge our community obligations unless we also do our part to preserve and improve the entire banking system.

---

## Monetary Magic

FRED F. LAWRENCE, Treasurer, Maine Savings Bank, Portland, Me., before the National Association of Mutual Savings Banks as President.

**C**VILIZATION has not vanquished the medicine man; it has merely refined his methods. Paradoxically, the very progress man has achieved by patient study of the laws of his universe, intoxicates him to a point where he believes that he can amend or repeal those laws. He forgets his role of a discoverer—a humble explorer in the realms of the infinite—and aspires to be a creator. No longer are the meek to inherit the earth.

So we find ourselves today—for we must all share the responsibility—planning a new order of society in which the penalty no longer follows the sin, where we may eat our cake and still have it. Purchasing power accordingly is to be supplied; capital either is to be dispensed with or magically created out of thin air. Saving is futile because we have evolved substitutes for it.

The first of these substitutes is manipulation of the monetary unit, for purchasing power and money obviously are identical.

So we ask our modern magicians to supply consuming power and capital by the monetization of deficits, private and public; or by grants, subsidies and bonuses to select groups, large or small. The fascination of this program is that it actually works for a time. Many an ingenious inventor almost has achieved perpetual motion; but the tragic note in this symphony is the familiar one. We have an idea that we have heard it before. The inflationary process is not to be criticised for its novelty, but its lack of it. It seems incredible, in the light of the history of countless monetary experiments of similar character—all having the same unfortunate outcome—that man still goes on these joy-rides and blithely hopes to escape the morning after. The severity of the headache is bound to be in proportion to the length of the debauch.

## Customers' Insurance

KENNETH C. BELL, Second Vice-president, The Chase National Bank, New York, and member of The Graduate School of Banking Faculty, before the American Management Association Insurance Conference.

**I**N many instances the best possible application of commercial insurance to meet the needs of the insured requires the extension of this protection to include the banking relationships of the insured.

The strictly banking functions of deposit, discount (or loaning), and supplemental collection service, do not properly include furnishing the insurance protection for the banks' customers commodities and plant structures. Moreover, in all but distress situations, the period of a commercial bank's financial interest in its customers' affairs is temporary, even if recurrent.

On the other hand, commercial concerns can readily adapt their own insurance coverage, usually without additional premium cost, to provide loss indemnity for their banks under circumstances which require it, whether their relationship with their banks be that of depositor, borrower or fiduciary client.

By so doing, the customer is not taking over any insurance burden properly belonging to the banks, which have their own expensive financial risks to protect, but rather the customer is serving his own interests best by safeguarding his assets at all times, whether or not a bank is temporarily in the picture. The bank's interest in his coverage enables him to accomplish just that.

I cannot help but feel that our banks are in a position to render their customers a specialized, even if limited, service in connection with such customers' insurance problems which in no way clashes with the good work insurance underwriters and producers are doing, but rather supplements their accomplishments. The banks can readily recognize, and do appreciate, a good insurance job done for either their customers or themselves, and are able to detect a poor job.



ATLANTIC CITY, SEPTEMBER 22-26—"The future of chartered banking lies in a large measure in making our institutions more serviceable and their operations more profitable. The public will not tolerate a repetition of the bank failures of several years ago. We must build our institutions to weather every storm. We must be informed not only as to the technique of banking, but as to the social scene in which we must live and work. We must be aware of and appraise every force that influences American finance. We must be disinterested, unselfish, expert—if we are to hold the confidence of the people. To such objectives the American Bankers Association is wholeheartedly committed."—ROBERT M. HANES

Come to the Atlantic City Convention and share in this great effort.



## Executive Council Ratifies Broadened Program

### Spring Meeting Endorses Expanded Personalized A.B.A. Services to Banks

Approved by the Executive Council at its Spring Meeting, the personalized service program of the American Bankers Association, instituted by President Robert M. Hanes, enters the last quarter of an unusually active and successful Association year.

The Council, meeting at Hot Springs, Va., reviewed the many activities of the A.B.A., particularly in the direction of closer contacts with individual banks and bankers, and heard reports of the bankers and staff executives who are carrying on the work.

*At the left, President Hanes of the A.B.A. (right) talking to Dunlap C. Clark, Chairman, Membership Committee, A.B.A., at the Executive Council meeting in Hot Springs*

*Below, H. W. Koenke, A.B.A. Second Vice-president*

Also, the Council ratified the proposed merger of the activities of the Bankers Association for Consumer Credit with the recently established A.B.A. Consumer Credit Department.



*Below, First Vice-president P. D. Houston, left, and Treasurer B. Murray Peyton*



John J. Rooney

Another act of the Council was the appointment of John J. Rooney as Comptroller of the American Bankers Association. Mr. Rooney had held the position of Auditor since 1928.

The report of the Economic Policy Commission denied assumptions that thrift was the cause of business stagnation and unemployment and refuted the theory that the country's economy has become so mature that business can no longer employ the savings of the people.

"National savings are essential to national progress," said the report. "More than half of the expenditures for durable goods which represent our real national savings are made by families and individuals, and some are made by government, but a continuous stream of new business investments is vitally necessary."



# Class of 1940 Is The Graduate School's Largest

**Numbers 234 Bankers; Registration Is 698 For June 17-29 Rutgers Session**

With a registration of 231 for the entering class and a total student body of 698, The Graduate School of Banking conducted by the American Bankers Association at Rutgers University opens its sixth resident session on June 17.

The Class of 1940, comprising 234 bank officers, is the largest thus far to receive the School's diploma signifying completion of three resident sessions and two years of home study. The class will be graduated on the evening of June 28 at the conclusion of the fortnight's work at Rutgers.

Members of the graduating class are to be in New Brunswick, N. J., on Saturday, June 15, for the oral examinations on the theses they have submitted as a requirement for completing the course. These examinations are conducted by a panel of 21 prominent bankers and by members of the School faculty, which this year has 42 members.

Classes start Monday morning, June 17, at 8:30 o'clock.

Speakers at the popular evening seminars are widely known men who have previously addressed the students at these sessions. Dr. Everett Dean Martin, professor of social psychology at Claremont Colleges, California, will present "A Philosophical Analysis of the Present World Conflict"; Dr. Paul F. Cadman, economist of the American Bankers Association, lectures on "The Economics of Discontent"; and Colonel Leonard P. Ayres, vice-president of the Cleveland Trust Company, and chairman of the A.B.A. Economic Policy Commission and Research Council, talks on a subject of current interest.

At one of the seminars there is to be a faculty panel discussion of the subject "The Banks' Responsibility to Business for Credit."

The commencement speaker is Dr. Douglas F. Freeman, editor of the Richmond, Va., *News Leader*. Dr. Harold Stonier, Director of the School and Executive Manager of the Association, presides at the graduation meeting. Members of the



**Dr. Harold Stonier, Director, The Graduate School of Banking**

class receive their diplomas from Lewis E. Pierson, Chairman of the Board of Regents, and honorary chairman of the Irving Trust Company, New York City. The class is presented to Mr. Pierson by Richard W. Hill, Registrar of the School and Secretary of the Association.

There has been no change in the number of courses offered by the School this year. Three hundred eighty-four bankers will major in commercial banking, 101 in investments, 63 in savings banking, and 138 in trust courses.

## Stephenson Lecture Series Published

Another series of lectures delivered by Gilbert T. Stephenson, Director, Trust Research Department, The Graduate School of Banking, to upper classmen of several American law schools, has been published by the School in pamphlet form under the title "Protective Provisions of Wills and Trust Agreements."

Dr. Harold Stonier, the School's Director, says in a foreword:

"It is hoped that these lectures will introduce the students to some of the practical problems of draftsmanship which will be helpful to them when they enter upon the active practice of the law."

Mr. Stephenson's three previous lecture series at law schools have been published and distributed among the students of the institutions visited.



**Dr. E. E. Agger, Associate Director**



**Lewis E. Pierson, Chairman, Board of Regents**



**William A. Irwin, Assistant Director**



**Richard W. Hill, Registrar**

## Jim Brines and "Morning Milk" To Carry on G.S.B. Traditions

Graduate School of Banking men will be glad to know that Moses James Brines, assistant professor of psychology at Rutgers University, is to be on hand again as "chorister" of the resident session.

"Jim" Brines' leadership of the group singing that follows lunch and dinner in the gymnasium has become one of the School's traditions and the students will welcome him back.

Another fixture of the Rutgers fortnight is "The Morning Milk", the daily newspaper of School activities edited by Registrar Dick Hill. The "Milk" resumes publication promptly on June 17.

## Convention-Bound Bankers to Be Guests While In New Orleans

J. H. Peterson, manager of the New Orleans Clearing House Association, informs BANKING that the Louisville and Nashville Railroad will operate either a special train or special cars out of New Orleans for western and southern delegates to the Convention of the American Bankers Association at Atlantic City, N. J. The train will leave New Orleans on the night of Sept. 20.

The members of the association, says Mr. Peterson, will be hosts that day to bankers

passing through New Orleans and the Association has appointed a special committee to provide entertainment. Invitations are being extended to bankers to travel via New Orleans and be guests of the clearing house banks Sept. 20.

## Utah Trust Men Will Be Conference Hosts

The trust division of the Utah Bankers Association will act as host for the 18th Regional Trust Conference of the Pacific Coast and Rocky Mountain States held at Salt Lake City, Aug. 15-17, under auspices of the A.B.A. Trust Division.

# Boston Welcomes 2,000 to Institute's Convention

## Hear How Staffs Can Sell Services

### Employees' Aid Is Stressed by Powers

Staff participation in the merchandising of bank services is one of the subjects currently being discussed before group meetings of bankers.

William Powers, Director of Customer Relations, American Bankers Association, is making suggestions for work along this line in talks he is giving to conferences and conventions of bankers. He is also discussing the general subject of customer relations, including the organization and procedure of staff conferences.

Mr. Powers' schedule calls for addresses to several state associations and educational meetings during the early Summer, in addition to a series of lectures at The Graduate School of Banking. The New York State Bankers Association is among the groups to hear him in June. In July he will attend the bankers' conferences at Chapel Hill, N. C., and Macon, Ga.

Last month he spoke before a number of organizations in several eastern states.

## New "John Sterling" Script Ready for Banking Groups

Condensed and sharpened in dialogue, with one new scene and a comprehensive addenda for use of the director, new script for the bank public relations play "John Sterling Finds the Answer" is going out to banking groups.

So far the sketch, prepared by the A.B.A. Public Relations Council, has been produced in Chicago, Denver, New York, and Jersey City, N. J., among other places. It is acted by members of local American Institute of Banking chapters.

The script now contains property lists and diagrams of stage sets by scenes; cast lists indicating types, costumes, and scenes; a time schedule; the complete master-of-ceremony script with cue lines to open each scene; and suggestions for casting, action, character portrayal, and interpretation of lines, together with points to be avoided—all of which are the outcome of previous productions.

County bankers associations, state associations, or A.I.B. chapters interested in helping improve public relations can get an introductory copy by writing to the Council.

## A.I.B. Celebrates Its 40th Anniversary With Meetings, Contests, Talk, Fun



Right, Harry R. Smith, Bank of America, N.T.&S.A., San Francisco, National President of the American Institute of Banking, 1939-40; left, J. L. Dart, Florida National Bank, Jacksonville, Vice-president, 1939-40

Here, in outline form, are the chief events at the 40th Anniversary celebration of the American Institute of Banking Section, American Bankers Association, at Boston, June 3-7:

**Attendance:** About 2,000 bankers from all parts of the United States.

**Meetings**—General sessions; discussions of Institute activities and procedure; conferences on banking practices, departmental operations, bank management, business development, advertising, auditing and accounting, credits, investments, savings banking, trust banking.

## Bankers Discuss Consumer Credit

### W. B. French Speaks at State Meetings

Consumer credit has an important place on the programs of numerous meetings of bankers this Spring and Summer.

Various phases of the subject, particularly from the bank operations standpoint, are being discussed at state association conventions and statewide educational conferences for bankers, frequently with the cooperation of Walter B. French, A.B.A. Deputy Manager who directs the Association's Consumer Credit Department.

Mr. French is scheduled to speak in June before the District of Columbia Bankers Association at Hot Springs, Va., and the West Virginia Bankers Association at White Sulphur Springs. Next month he plans to address educational meetings at Chapel Hill, N. C., and Macon, Ga., sponsored by the associations of those states. In May he spoke several times in the East, South and Middle West.

**National Oratorical Contest for the A. P. Giannini prizes**—Subject: "Chartered Banking—Its Right to Exist." Contestants: Donald Wilson, Eutaw Savings Bank, Baltimore; Albert C. Bartlett, Citizens Trust Company, Portsmouth, Va.; Mozart Lovelace, Harris Trust & Savings Bank, Chicago; L. K. Arthur, Federal Reserve Bank, St. Louis; G. A. Holder, Federal Reserve Bank, Houston; E. H. Goins, Jr., American Trust Company, Berkeley, Cal.; Joseph F. Cornelius, First National Bank in Spokane, Wash.; and Speed Stone, Manufacturers Trust Company, New York.

**National Debate**—Subject: Resolved, That All Industry Engaged in Interstate Commerce Should Be Incorporated." Semi-finals chapter contestants: Kansas City and Oakland; New Orleans and Philadelphia.

**Convention speakers**—Robert M. Hanes, President, American Bankers Association; Fred I. Kent, director, Bankers Trust Company, New York; Frank M. Totton, second vice-president, Chase National Bank, New York.

## 81.8% of U. S. Banks in Association May 1 As Membership Continues to Increase

The membership rolls of the American Bankers Association continue to increase.

From Sept. 1 to May 1, the first eight months of the Association year, 608 new members were added, 36 of them having joined in April. This meant that 81.8 per cent of the nation's banks were members.

Return of Florida and Oregon to 100 per cent ranking was the high point of the April record, thanks to the efforts of the state vice-presidents, W. W. McEachern and O. A. Houghlum, respectively.

Dunlap C. Clark, president of the American National Bank, and chairman of the A.B.A. Membership Committee, reports that Illinois, under T. J. Nugent of the Committee

and Paul T. Betz, state vice-president, lead in the April gain with six new members.

Arkansas, in Alfred G. Kahn's territory, with George H. Sexton, state vice-president, and North Carolina, under Philip Woolcott, Committee member, and R. L. Pope, state vice-president, had four each.

Three new members were added in North Dakota, in charge of Arthur W. Sands of the Committee and Gordon H. Nesbit, acting for Clarke Bassett, state vice-president; Tennessee, also in Mr. Woolcott's area, C. D. Walling, state vice-president; and in Texas, under Eugene P. Gum of the Committee and C. M. Malone, state vice-president. The other additions were in 10 states.

## Pensions Committee Decides Against A Nation-wide Retirement Plan

After an intensive study of pension systems in banking and in industry the Pensions Committee of the American Bankers Association recommended that the Association refrain from sponsoring a nation-wide retirement plan. The Committee had been charged with determining the feasibility and desirability of inaugurating an annuity plan in which all Association members might enroll.

Although recognizing the utility of pension plans, the Committee found several elements which it felt would work seriously against a satisfactory acceptance of a nation-wide pension program. The current low rate of bank earnings offers a forceful deterrent to the assumption of additional burdens which can be deferred at least for the present. Likewise, the necessity of adopting a rigid schedule for all participants in order to obtain the benefits of group rates was looked upon as

likely to retard enrollments. Also the requirement that an operating agency be created to administer the details of the plan was viewed as a possible handicap. These facts, in large measure, dictated the Committee's decision.

Notwithstanding the conclusion reached, the Committee feels that the study has not been without profit. It produced a considerable fund of valuable information. Member banks contemplating pension systems, or concerned with them abstractly, may find some of the material useful. The Committee holds itself in readiness to advise with bankers who are interested, and in the Association offices information is available on the different types of plans and requirements and the features to be considered in formulating a satisfactory retirement program.

The inquiry into pension plans was started more than a year ago.

## Banks Are Queried On Acceptance of Savings Deposits

In an effort to determine the extent to which banks doing a savings and commercial business are interested in the savings side, the A.B.A. Savings Division has sent a questionnaire to representative commercial banking institutions.

The questionnaire says that according to statements reaching the Division's Committee on Savings Development, "the opinion is widespread that banks are not alert to the danger of the serious and perhaps permanent loss of savings business to organized competition."

"It is felt that banks should assume a long range program of aggressively seeking and accepting all legitimate savings business in order to maintain their leadership in the savings field."

The banks are asked whether they believe banks should continue actively in the savings

## Committee Compiles State Bank Data

The annual compilation of resources, liabilities, earnings and expenses of state-chartered banks in the United States is nearing completion in the office of the A.B.A. State Bank Division. The data are being tabulated for June publication.

business, whether a positive new-business program should be adopted, whether the institutions accept all bona fide savings deposits, and other questions.

The information is being sought by a subcommittee of the savings development committee, under the chairmanship of Wendell Smoot, cashier, Utah State National Bank, Salt Lake City.

Answers to the questions will aid the Division in its survey of this subject and in its efforts to study plans and methods to offset this trend.

## CONVENTIONS

### American Bankers Association

June 3-7	American Institute of Banking, Statler Hotel, Boston, Massachusetts
June 17-29	The Graduate School of Banking, Rutgers University, New Brunswick, New Jersey
Aug. 15-17	18th Regional Trust Conference of the Pacific Coast and Rocky Mountain States, Salt Lake City, Utah
Sept. 22-26	Annual Convention, Atlantic City, New Jersey
Nov. 7-8	Second Mid-Continent Trust Conference, Chicago, Illinois

### State Associations

June 2-4	South Carolina, Ocean Forest Hotel, Myrtle Beach
June 5-7	Minnesota, Minneapolis
June 5-9	District of Columbia, The Homestead, Hot Springs, Virginia
June 6-8	West Virginia, Greenbrier Hotel, White Sulphur Springs
June 7-8	Utah, Logan
June 7-8	Wyoming, Carter Hotel, Thermopolis
June 10-11	Idaho, Bozanta Tavern, Hayden Lake
June 10-11	New York, Syracuse
June 11-12	Wisconsin, Hotel Schroeder, Milwaukee
June 12	Connecticut, Greenwich Country Club, Greenwich
June 13-14	Washington, Winthrop Hotel, Tacoma
June 14-15	North Dakota, Minot
June 14-15	Vermont, Woodstock Inn, Woodstock
June 17-18	Montana, Many Glaciers Hotel, Glacier National Park
June 17-18	Oregon, Gearhart Hotel, Gearhart
June 17-19	Michigan, Pantlind Hotel, Grand Rapids
June 19-21	Colorado, Stanley Hotel, Estes Park
June 21-23	Maine, Poland Spring House, Poland
Aug. 26	Nevada, Winnemucca
Sept. 9-11	Iowa, Hotel Fort Des Moines, Des Moines
Oct. 24-25	Nebraska, Lincoln

### Other Organizations

June 5	New Jersey Savings Banks Association, Montclair Golf Club, Verona
--------	---

June 7-8	New Hampshire Bank Management Conference, Amos Tuck School of Business Administration, Hanover, New Hampshire
June 10-14	Virginia Bankers Conference, University of Virginia, Charlottesville
June 12-14	Kansas Bankers Seminar, University of Kansas, Topeka
June 22	Robert Morris Associates, Sky Top Lodge, Sky Top, Pennsylvania
June 23-27	Advertising Federation of America, Sherman Hotel, Chicago, Illinois
July 1-26	Research Conference on Economics and Statistics of the Cowles Commission for Research in Economics, Colorado College, Colorado Springs, Colorado
July 8-12	North Carolina Bankers Conference, University of North Carolina, Chapel Hill
July 15-17	Georgia Bankers Conference, Macon
Aug. 16-17	Bank Conference of the West Virginia Bankers Association, West Virginia University, Morgantown
Aug. 19-23	Arkansas Bankers Seminar, University of Arkansas, Fayetteville
Aug. 19-30	Pacific Northwest Banking School, University of Washington, Seattle, Washington
Sept. 18-20	National Association of Supervisors of State Banks, Richmond, Virginia
Sept. 18-20	National Industrial Advertisers Association, Inc., Hotel Statler, Detroit, Michigan
Oct. 2-4	Mortgage Bankers Association of America, Chicago, Illinois
Oct. 14-18	American Institute of Accountants, Hotel Peabody, Memphis, Tennessee
Oct. 16-19	Annual Convention, National Association of Bank Auditors and Comptrollers, Saint Louis, Missouri
Oct. 28-30	Financial Advertisers Association, The Homestead, Hot Springs, Virginia
Nov. 11-15	U. S. Savings and Loan League, Chicago, Illinois
Dec. 9-10	Southern Conference of Bankers Association Secretaries, Louisville, Kentucky
Dec. 9-13	Investment Bankers Association of America, Hollywood Beach Hotel, Hollywood-by-the-Sea, Florida





## Maybe his grass is *Really* greener

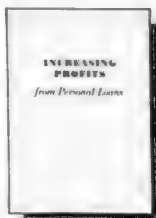
Is your Personal Loan Department sacrificing an advantage which more and more banks are seizing and turning into results? For instance, do you know that the volume of "Protected Loans" insured by this Society (nearly \$75,000,000 in 1939) has increased 80% in the past three years?

And every institution adopting this

service has shown a rise in profits. That has been true ever since 1917 when this Society originated this kind of insurance.

Maybe the other fellow's grass *is* greener.

Maybe the other bank's Personal Loan Department *is* doing better than yours, but we can help you meet that situation. Write for our booklet.



This booklet mailed

upon request

## The Morris Plan Insurance Society

420 Lexington Avenue, New York, N. Y.

**INSURANCE FOR THE BANKER ON THE LIFE OF THE BORROWER... SINCE 1917**



## TODAY'S NATIONAL "BRIGHT SPOT" *in Bank loan departments*

LAWRENCE SYSTEM offers a way to cure cases of "loan-total shrinkage." Your bank can make more loans, bigger loans, better loans; your customers can acquire more working capital to run their businesses, through the issuance of LAWRENCE SYSTEM field-warehouse receipts

against their plant inventories—your collateral. It will cost you nothing to find out about this method for expanding your loan portfolio profitably and safely. Moreover, it costs banks nothing to make full use of LAWRENCE SYSTEM protection. Write today for descriptive booklets.

Offices: NEW YORK: 72 Wall Street • CHICAGO: 1 No. LaSalle Street • SAN FRANCISCO: 37 Drumm St. • BUFFALO • BOSTON • PHILADELPHIA  
KANSAS CITY, Mo. • ST. LOUIS • MINNEAPOLIS • DALLAS • HOUSTON • LOS ANGELES • FRESNO, CALIF. • PORTLAND, ORE. • SPOKANE • HONOLULU

**LAWRENCE SYSTEM**—CREATING COMMODITY PAPER AGAINST INVENTORY

A. T. Gilson, President

Member: American Warehousemen's Association—Since 1916

**CERTIFIED ON CHECKS • LAWRENCE ON WAREHOUSE RECEIPTS**

T"

ral.  
this  
olio  
nks  
TEM  
lets.

PHIA  
LULU

Y  
to

T S

KING





The Baker calls him **BERK**

The Broker calls him **BIRCK**

The Butcher calls him **BOURKE**

The Banker calls him **BURCK**



...and he signs his name—

*John J. Byrck*

- Yet **SOUNDEX**—the simplest of all filing systems—enables you to refer directly to "Byrck" *regardless of how your bank spells it!*

There's an almost *magical* touch to the speed and certainty with which Soundex eliminates the headaches of locating similar sounding names. Soundex is *modern* alphabetic filing that automatically groups names pronounced alike but spelled differently. Soundex is the newest, most effective filing method—it eliminates filing delays, mistakes, uncertainties.

Today, more than ever before, banks must have an error-proof method of name location. The ever increasing load of requests from welfare and relief agencies demands a Soundexed Index to Savings Depositors. For those important references to your consumer credit index of makers and co-makers your bank needs **SOUNDEX**—the filing system that automatically eliminates 90% of filing uncertainty due to names misspelled, and the varied spellings of similar *sounding* names.

#### HOW TO HOUSE

Your present index housing, most likely, can be converted to a Soundex file. Or, Remington Rand offers a wide variety of equipment—vertical and visible.

#### WRITE TODAY

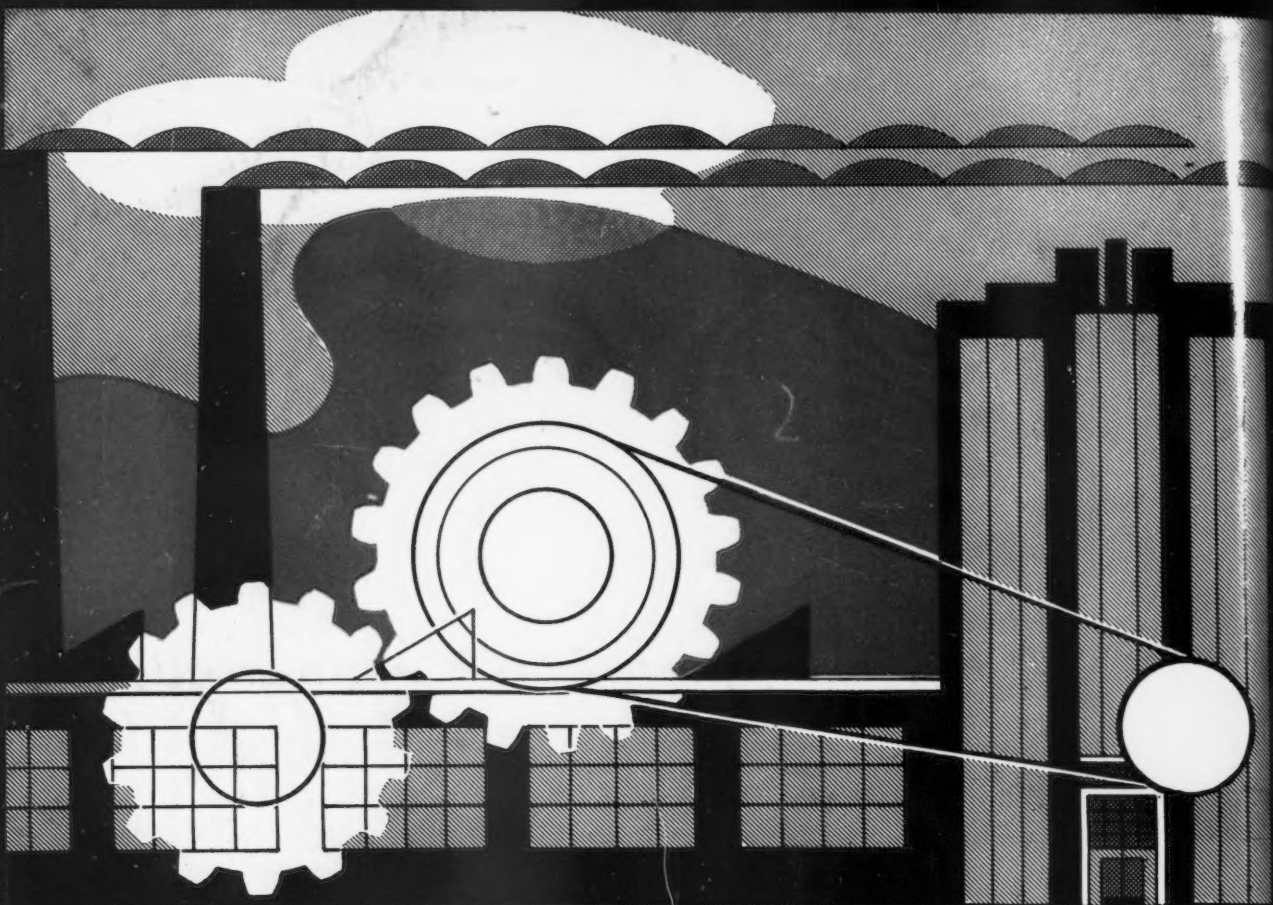
Write today for your *free* copy of our Soundex catalog. Learn how huge, multi-million name government lists, insurance lists, utility lists and moderate size business lists are inexpensively and accurately filed the *modern Soundex* way. No obligation, of course.

#### HONOR ROLL

##### *Soundex Users among Banking Institutions*

Bank of the Manhattan Company  
New York City, N. Y.  
Bushwick Savings Bank  
Brooklyn, N. Y.  
Cleveland Trust Company  
Cleveland, Ohio  
Dorchester Savings Bank  
Dorchester, Mass.  
East Cambridge Savings Bank  
East Cambridge, Mass.  
Fidelity Bank & Trust Co.  
Memphis, Tenn.  
First National Bank  
Omaha, Neb.  
Franklin Savings Bank  
Boston, Mass.  
Rochester Savings Bank  
Rochester, N. Y.  
Savings Bank of Utica  
Utica, N. Y.  
Society for Savings  
Hartford, Conn.  
Union Savings Bank  
Fall River, Mass.  
Waterbury Savings Bank  
Waterbury, Conn.  
Worcester Sc Savings Bank  
Worcester, Mass.

BANK DEPARTMENT • Remington Rand Inc. • BUFFALO, NEW YORK



## HOW IS YOUR BUSINESS GEARED TO THE MODERN TEMPO?

George S. May Company can show you the way to a more profitable operation of your business...can help you increase efficiency, reduce costs, step up sales and production and increase earnings...can assist you in keeping abreast the forward surge of modern business.

*REFERENCE: Your Own Banker*



# GEORGE S. MAY COMPANY

CHICAGO  
2600 North Shore Ave.

SAN FRANCISCO  
111 Sutter Street

HOUSTON  
608 Fannin Street

NEW YORK  
122 East 42nd Street

CANADA: George S. May, Ltd., 320 Bay St., Toronto

OFFICES IN 15 OTHER PRINCIPAL CITIES

00?

Y